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Ministry of
Consumer and
Business
Services

Ministère des
Services aux
Consommateurs
et aux entreprises

Registration Division
Division de l'enregistrement

2003

Annual Charge Book
Cahier des charges
Standard charge terms
Clause types de charge

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This publication is issued pursuant to clause 8(5)(b) of the **Land Registration Reform Act**, which requires the Director of Land Registration to enter all sets of standard charge terms filed under subsection 8(1) of the Act during the calendar year in a charge book and to make available copies of the charge book for purchase by the public. The prescribed fee for the book, set by Item 3 of Section 7 of Regulation 688 under the Act, is $50.00. To comply with the legislation, the book contains the terms filed in 2003 unaltered in any way.

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Division de l'enregistrement
Ministère des Services aux consommateurs et aux enterprises

STANDARD CHARGE TERMS 2003 - CLAUSES TYPES DE CHARGE DEPOSEES EN 2003

CONTROL SHEET-FEUILLE DE CONTROLE

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NO DE DOSSIER FILE NUMBER	PAGES	DATE DE DEPOT FILING DATE	NOM/RAISON SOCIALE NAME
200301	21	2003/01/27	ST. PAUL GUARANTEE INSURANCE COMPANY
200302	16	2003/01/27	INTERNATIONAL COMMERCIAL BANK OF CATHAY (CANADA)
200303	10	2003/01/27	Canadian Imperial Bank of Commerce (CIBC consumer gen. Collater
200304	15	2003/03/04	Espanola & District Credit Union Ltd.
200305	12	2003/03/04	Bridgewater Financial Services Ltd.
200306	8	2003/04/30	Employees of Dofasco (Hamilton) Credit Union Limited
200307	23	2003/04/30	NATIONAL BANK OF CANADA
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200311	08	2003/07/16	TIMMINS REGIONAL CREDIT UNION LTD.
200312	23	2003/07/16	MANULIFE BANK OF CANADA
200313	23	2003/07/25	MANULIFE BANK OF CANADA
200314	21	2003/08/26	CITIZENS BANK OF CANADA
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200316	21	2003-10-06	ST. WILLIBRORD COMMUNITY CREDIT UNION LTD.
200317	12	2003/12/17	Lloyds Far East (BVI) Limited
200318	12	2003/12/17	Bridgewater Financial Services Ltd.

Land Registration Reform Act

SET OF STANDARD CHARGE TERMS

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200301 Cote
Filing Date Jan. 27, 2003 Date de Dépôt
Page 1 of/de Twenty-One (21) Pages
DIRECTOR OF LAND REGISTRATION (A)
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by
ST. PAUL GUARANTEE INSURANCE COMPANY

The following Set of Standard Charge Terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of The Land Registration Reform Act R.S.O. 1990, as amended, except to the extent that the provisions of this set of standard charge terms are modified by any additions, amendments or deletions expressly provided for or stipulated in such charge, or in any schedule(s) annexed thereto.

DEFINITIONS

In addition to any other words, terms or phrases specifically defined elsewhere in these standard charge terms, the words, terms or phrases set out below shall have the meanings respectively ascribed to them as follows, whenever same are used or referred to in these standard charge terms, namely:

"**Charge**" shall mean the charge/mortgage of land which specifically incorporates these standard charge terms by expressly referencing the filing number of same therein, together with any schedules attached thereto, and as may be amended, extended or renewed from time to time with the written consent of the Chargee;

"**Charged Premises**" shall have the meaning as defined in paragraph 2 of these standard charge terms;

"**Chargee**" shall mean St. Paul Guarantee Insurance Company and/or any other mortgagee(s) or chargee(s) expressly described or defined as such in the Charge;

"**Chargor**" shall mean the mortgagor(s) or chargor(s) described or defined as such in the Charge;

"**Claims**" shall have the meaning as defined in paragraph 5(h) of these standard charge terms;

"**Commitment Letter**" shall mean the commitment letter issued by or on behalf of the Chargee, and duly accepted by or on behalf of the Chargor, as may be amended from time to time by the mutual agreement of both the Chargor and the Chargee;

"**Condominium Corporation**" shall have the meaning as defined in paragraph 29(a) of these standard charge terms;

"**Condominium Project**" shall mean the residential condominium being developed by or on behalf of the Chargor on the Property (as such term is hereinafter defined), or on any portion thereof;

"**Construction Mortgage**" shall have the meaning as defined in paragraph 24 of these standard charge terms;

"**Construction Mortgagee**" shall have the meaning as defined in paragraph 24 of these standard charge terms;

"**E-REG**" shall mean the "**Teraview Electronic Registration System**" referred to in paragraph 28 of these standard charge terms;

"**Indebtedness**" shall have the meaning as defined in paragraph 1 (a) of these standard charge terms;

"**Indemnity Agreement**" shall mean the indemnity agreement entered into by the Chargor as the principal, with or without the Chargor and/or any other party or parties described therein as the indemnitor(s), to and in favour of the Chargee as the surety, as may be amended from time to time by the mutual agreement of the Chargee and the Chargor, and all other indemnitors, as the case may be;

"**Leases**" shall have the meaning as defined in paragraph 2(b) of these standard charge terms;

"ONHWP" shall mean the Ontario New Home Warranty Program, or any successor institution, in whose favour the Chargee has issued (or intends to issue) one or more warranty bonds in respect of the Condominium Project (or any portion thereof), for and on behalf of the Chargor;

"Permitted Encumbrances" shall mean those interests, charges, agreements, instruments and/or encumbrances in respect of the Property as are more particularly listed below, and any others which are approved by the Chargee and expressly described in one or more schedules to the Charge, namely;

a) inchoate liens for realty taxes, utilities and local improvement charges affecting the Property, and all other charges pursuant to any applicable site plan or development agreement(s) in respect of the Property, provided any or all of the foregoing are not yet due and payable;

b) the reservations, limitations, provisos and conditions expressed in any original grant(s) of the Property (or any portion thereof) from the Crown, as may be varied by statute, provided same have been complied with;

c) any and all restrictions, easements, rights of way and other similar rights and agreements affecting the Property (including without limitation, any easements for the installation, maintenance and/or repair of sewers, drains, gas and water mains, hydro-electricity, telephone and/or cable television conduits, wires and cables, and all appurtenances thereto) which, in the opinion of the Chargee, do not (and will not) individually, or in the aggregate, materially impair the development of the Condominium Project on the Property or the Chargee's security with respect to same, or the value or use of the Property, and provided further that the obligations, if any, of the Chargor thereunder (or in connection therewith) are being complied with;

d) zoning and building restrictions, and municipal by-laws, ordinances and regulations, provided same are being complied with;

e) minor title defects which do not, in the opinion of the Chargee's counsel, materially effect the marketability of title to the Property;

f) any and all site plan agreements, condominium development agreements, servicing agreements and/or density bonus agreements entered into with the local municipality or regional authority and/or any other governmental authorities or agencies pertaining to the development of the Condominium Project on the Property, together with any and all amending agreements (or counterpart agreements or assumption agreements) with respect thereto, and any and all agreements of like kind as deemed necessary or desirable by any governmental authorities or agencies and/or any public or private utility supplier(s) [ie for the installation, maintenance and/or repair of any utilities, telephone, cable television and/or any other requisite service(s) to the Property] in connection with the development of the Condominium Project on the Property (or any portion thereof), provided that said agreements do not (and will not), in the opinion of the Chargee, either individually or collectively, materially impair the Chargee's security or the value or use of the Property, and provided further that the obligations thereunder have been (or are being) complied with, or satisfactory security to ensure compliance therewith has been posted with the relevant governmental authorities, agencies or utility suppliers (as the case may be);

g) the declaration and by-laws of the residential condominium to be created by the Chargor on the Property (or any portion thereof), together with any mutual easement and cost-sharing agreement(s) or reciprocal agreement(s) to be registered on title to the Property pertaining to the mutual use, maintenance, repair and/or cost-sharing of any amenities, services and/or facilities intended to be shared between or amongst the Condominium Corporation and any existing or future adjacent or neighbouring condominium corporation(s), as well as any counterpart agreement(s), amending agreement(s) and/or assumption agreement(s) in respect of said reciprocal agreement(s);

h) an easement/servicing agreement entered into with the local or regional hydro-electric commission (or any other applicable hydro-electricity supplier selected by the Chargor), for the provision of hydro-electric service to the Condominium Project;

i) an easement/servicing agreement entered into with the local or regional cable television supplier (or any other applicable cable television supplier selected by the Chargor), for the provision of cable television service to the Condominium Project;

j) an easement/servicing agreement entered into with the local or regional gas supplier (or any other applicable gas supplier selected by the Chargor), for the provision of gas service to the Condominium Project;

k) any and all outstanding agreements of purchase and sale between the Chargor and the respective purchasers of units in the Condominium Project, provided that all of such agreements of purchase and sale are expressly stipulated to be subordinate and postponed to the Charge and the Chargee's security interests thereunder, and provided further that none of such agreements of purchase and sale are registered against the title to the Property or any portion thereof, either prior to or subsequent to the registration of the Charge; and

l) any and all purchase money security interests obtained and/or evidenced by one or more financing statements registered under or pursuant to The Personal Property Security Act R.S.O. 1990, as amended, by or in favour of any party or parties respecting any equipment, furnishings and/or appliances installed (or to be installed) within the Condominium Project or any portion thereof.

"**Principal Sum**" shall have the meaning as defined in paragraph 1(a) of these standard charge terms;

"**Property**" shall have the meaning as defined in paragraph 2(a) of these standard charge terms;

"**Receiver**" shall have the meaning as defined in paragraph 14 of these standard charge terms;

"**Rents**" shall have the meaning as defined in paragraph 2(b) of these standard charge terms; and

"**Security**" shall have the meaning as defined in paragraph 2 of these standard charge terms.

THE INDEBTEDNESS SECURED AND THE INTEREST RATE CHARGED

1. (a) For value received, the Chargor hereby acknowledges and agrees that the Charge is being given to the Chargee as continuing collateral security for the payment of all amounts from time to time due and payable (or becoming due and payable) by the Chargor to the Chargee under or pursuant to the Indemnity Agreement, in Canadian currency (hereinafter collectively referred to as the "**Indebtedness**" or the "**Principal Sum**"). The Charge is also being given in addition to, and not in substitution for, any other security or securities now or hereafter held by the Chargee for the Indebtedness. The Principal Sum shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same or any portion thereof, at the Chargee's office address or address for service so indicated in the Charge, and the Chargor shall pay interest on the Principal Sum, and on all other amounts added thereto from time to time in accordance with the provisions hereof (or on so much thereof as may be outstanding and unpaid from time to time), computed and accruing from and after the date of the Chargee's demand for payment thereof, and both before and after default, as well as before and after judgment, at the rate of interest more particularly stipulated in the Charge [provided however that if no interest rate is expressly stipulated in the Charge, then the applicable rate of interest shall be deemed and construed, for all purposes, to be eighteen (18%) percent per annum], with such interest to be calculated monthly not in advance, and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment, and any unpaid interest shall be added to the outstanding Indebtedness and same shall collectively bear interest in the same manner and at the same rate, with interest on overdue interest to be calculated and compounded monthly at the same rate, until such time as the entire Principal Sum is paid in full to the Chargee.

(b) In addition to (and without limiting) the foregoing, it is acknowledged and agreed that the Charge is being given to the Chargee as continuing collateral security for the payment of all monies, and the performance of all obligations, of and by the Chargor pursuant to the terms and provisions of the Commitment Letter. The provisions of the Commitment Letter shall be deemed and construed to be incorporated in the Charge by reference, and shall form an integral part of the Charge. In the event of any conflict or inconsistency between any of the provisions of the Commitment Letter and the provisions of the Charge, then the provisions of the Commitment Letter shall prevail.

SECURITY

2. As security for the due payment of all monies payable under the Charge, the Chargor hereby:

(a) mortgages and charges, as and by way of a fixed and specific mortgage and charge, to and in favour of the Chargee and its successors and assigns, the lands and premises described in (and correspondingly encumbered by) the Charge, and each and every building, structure, installation and/or improvement now or hereafter situate or erected thereon or therein, including all plant, equipment, apparatus, machinery and fixtures (of every nature or kind whatsoever) now or hereafter situate thereon or affixed thereto (all of which is hereinafter collectively referred to as the "**Property**" or the "**Charged Premises**"); and

(b) assigns, to and in favour of the Chargee and its successors and assigns, all agreements to lease and all leases, both present and future, together with any and all extensions or renewals thereof (hereinafter collectively referred to as the "**Leases**") now or hereafter relating to the Property (or any portion thereof), including all rents and all other monies now or hereafter payable under any or all of the Leases (hereinafter collectively referred to as the "**Rents**"), together with the benefit of all covenants, stipulations and provisions contained in the Leases, and all guarantees with respect to the payment and/or performance of any covenants in respect of the Leases, on the express understanding and agreement that unless and until there is an event of default under the Charge, and the Chargee thereafter delivers written notice to the Chargor to such effect, the Chargor shall be entitled to deal with the Rents and the Leases in the ordinary course of business, in the same fashion or manner as a prudent owner or landlord would so do, free and clear of the security constituted by the Charge;

with such mortgage and charge of the Property, and such assignment of the Rents and Leases, being hereinafter collectively referred to as the "**Security**".

TERM AND DEFEASANCE

3. The Charge shall be void, and of no further force or effect, upon the payment to the Chargee of the entire Indebtedness, and all other sums of money now or hereafter secured by the Charge (or to which the Chargee may be entitled by virtue of the Charge or these standard charge terms), together with all interest earned or accrued thereon at the aforementioned rate of interest, and together with the payment by the Chargor of all taxes and performance of statute labour, and the observance and performance of all covenants, provisos and conditions contained in the Charge and set forth in these standard charge terms.

FURTHER ASSURANCES

4. The Chargor hereby covenants and agrees that it will at all times do, execute, acknowledge and deliver (or cause to be done, executed, acknowledged and delivered) all such further acts, pledges, mortgages, hypothecs, charges, assignments and assurances, at law or in equity, as the Chargee may reasonably require from time to time for the better assuring, mortgaging, hypothecating, charging, assigning and confirming the Security unto (and in favour of) the Chargee, and for perfecting the security interests created by the Charge in the undertaking, property and assets of the Chargor so mortgaged and charged by virtue of the provisions of the Charge and these standard charge terms, or intended so to be, or which the Chargor may hereafter become bound to mortgage, hypothecate, assign and/or charge to and in favour of the Chargee, and for the better accomplishing and effectuating of the Charge.

CHARGOR'S COVENANTS

5. The Chargor covenants and agrees with the Chargee that:

(a) The Chargor shall keep the Property in good condition and repair, such that the value of the Property is not materially adversely affected in any way.

(b) The Chargor shall pay the principal, interest and all other monies stipulated to be due and owing under the Indemnity Agreement and secured by the Charge, and shall pay (or cause to be paid) as and when they fall due, all realty taxes, utility charges and similar assessments (whether local, municipal, provincial, federal or otherwise) which are now (or may hereafter be) imposed, charged or levied against the Property (or any portion thereof), and the Chargor further covenants and agrees to deliver to the Chargee, on an annual basis, evidence of the Chargor's payment of all such realty taxes, utility charges and similar assessments, in form and substance satisfactory to the Chargee.

(c) The Chargor shall comply with all governmental, statutory and/or regulatory requirements pertaining to the Property, and with the provisions of all Permitted Encumbrances affecting the Property.

(d) The Chargor shall permit the Chargee and its designated agents or representatives, whenever the Chargee deems it necessary or desirable, to enter upon and inspect the Property and all buildings and structures erected thereon.

(e) The Chargor shall, at its own expense, forthwith insure the Property (if not already so insured), and during the continuance of the Charge shall continue to keep the Property insured, in the name of the Chargor, with loss payable to the Chargee as its interest may appear, with such insurance being in such amounts as the Chargee may from time to time specify, but in any event in an amount not less than the full insurable replacement value thereof on a completed value basis, in lawful money of Canada, with a company or companies and by a policy or policies of insurance approved by the Chargee, against all risks of direct physical loss, with only such exclusions to coverage as the Chargee may approve. In addition, but without limiting the generality of the foregoing, the Chargor shall maintain rental loss insurance, boiler and pressure vessel insurance (if applicable), and insurance against any liability which may be imposed or claimed against the Chargor and/or the Chargee for damages, loss or injury (including death) occasioned to any persons, and for damages to (and/or loss of) the property of any person(s), in such amounts as will, in the reasonable opinion of the Chargee, adequately protect the Chargor and the Chargee against such liabilities and losses. If the Property has no insurable structures thereon, then such insurance will not be required. Such insurance shall, during the course of construction, be in a builder's "all risk" course of construction form. Such insurance coverage shall either be without any co-insurance requirement, or shall have a stated or stipulated amount of co-insurance clause, but in no case shall the insurance coverage be for an amount less than the aggregate of the Principal Sum secured by the Charge, together with the principal amount of any permitted prior encumbrances. The Chargor shall deliver to the Chargee, forthwith upon the latter's request, copies of all insurance binders and policies in effect with respect to the Property, together with evidence of the payment of all insurance premiums payable in connection therewith, in form and substance satisfactory to the Chargee. Evidence of the continuation of all such insurance having been effected shall also be produced to the Chargee at least fifteen (15) days prior to the expiration thereof; otherwise the Chargee may procure such insurance coverage on its own and charge the premiums paid therefor to the Chargor, together with interest accruing thereon at the rate provided for or stipulated in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and the same shall be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment thereof, and shall also be deemed and construed to be secured by the Charge against the Property. It is further agreed that the Chargee may at any time require any insurance of the buildings situate on the Property to be cancelled, and new insurance effected with an insurance company selected by the Chargee, and also on the Chargee's own accord may effect or maintain any insurance herein provided for, and any amount paid by the Chargee therefor shall be reimbursed and payable by the Chargor on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, together with interest accruing thereon at the rate provided for or stipulated in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and all such amounts shall likewise be deemed to be secured by the Charge against the Property. All policies of insurance required to be obtained and maintained by the Chargor shall expressly provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada, which shall be attached to (or incorporated within) each and every policy of insurance so procured.

(f) The Chargor shall maintain at all times throughout the duration of the Charge its corporate existence, and furthermore shall promptly provide written notice to the Chargee of any default respecting any obligations or liabilities of the Chargor arising under the Charge and/or any of the Permitted Encumbrances.

(g) The Chargor shall promptly pay, as and when due, the full amount of:

(i) all liens, charges and encumbrances upon or against the Charged Premises;

(ii) all reasonable charges or expenses of the Chargee in inspecting, protecting or valuating the Property at any time, after realization proceedings have been commenced by or on behalf of the Chargee; and

(iii) all costs, fees and disbursements incurred by the Chargee and secured by the Charge.

(h) The Chargor shall pay (or cause to be paid) as soon as the same are due, all claims and demands of contractors and labourers, and all wages, salaries, holiday pay and worker's compensation assessments, and all other charges of any nature or kind (hereinafter collectively referred to as the "**Claims**"), which if unpaid might constitute (or give rise to) a construction lien or similar lien or charge against the Property having priority over (or ranking *pari passu* with) the Charge, or any future advance(s) to be made under or otherwise secured by the Charge, and the Chargor shall from time to time, and on demand, provide the Chargee with such books, payrolls, or other records, receipts, certificates and/or declarations as the Chargee may deem necessary in order to satisfy itself that the Claims have been paid as soon as the same are due.

(i) The Chargor shall forthwith on the happening of any loss or damage, furnish at its own expense, all necessary proofs, and do all necessary acts to enable the Chargee to obtain payment of all applicable insurance monies; and any insurance monies that the Chargor may be entitled to receive shall, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises (or any portion thereof), or alternatively may be applied, in the sole discretion of the Chargee, to repay the Indebtedness in whole or in part, or to repay any other monies owing to the Chargee or otherwise secured under the Charge, whether or not then due, notwithstanding any law, equity or statute to the contrary, on the express understanding that all rights and benefits of the Chargor to such insurance proceeds (to the extent that any portion of the Indebtedness is still outstanding, or any other monies are due and owing to the Chargee, or otherwise secured by the Charge) are hereby expressly waived.

(j) The Chargor, immediately upon obtaining knowledge of the institution of any proceedings for the expropriation of the Charged Premises, or any part thereof, shall notify the Chargee of such proceedings. If the Charged Premises, or any part thereof, is taken or damaged in or by such expropriation proceedings or otherwise, then the award or compensation payable to the Chargor is hereby charged and assigned to the Chargee, and shall correspondingly be paid directly to the Chargee in the place and stead of the Chargor, in order to reduce, *pro tanto*, the outstanding Indebtedness secured by the Charge.

(k) The Chargor, within ten (10) days after receipt of the Chargee's request from time to time to do so, shall (at no cost or charge to the Chargee) certify and confirm to the Chargee (or to any person designated by the Chargee) the precise amount of the Indebtedness secured or otherwise due under the Charge as at the date of the certification, together with the date to which interest accruing thereon has been paid, and that the Chargor has no right of set-off or equitable claim against the monies due or payable to the Chargee so secured under or by the Charge (or if it has such a right or claim of set-off, the amount thereof), and that there have been no amendments to the Charge (or, if there have been any such amendments, the details specifying same). Likewise the Chargee, within ten (10) days after receipt of the Chargor's request from time to time to do so, shall (at no cost or charge to the Chargor) provide a mortgage statement to the Chargor (or to any person so designated by the Chargor) certifying or confirming each of the foregoing matters.

(l) The Chargor shall obey (or cause to be obeyed) all laws, rules, regulations and by-laws, whether federal, provincial or municipal, which in any way relate to the Charged Premises (or any portion thereof), or the use of same.

(m) All representations and warranties given by the Chargor to the Chargee in connection with the Indemnity Agreement and/or the Charge shall remain true, and be of full force and effect, throughout the entire term or duration of the Charge.

(n) The Chargor shall keep the Charged Premises in good condition and repair, according to the nature and description of same as a prudent owner would so do, and the Chargee and its designated agents or representatives may, whenever the Chargee deems it necessary or appropriate, enter upon and inspect the Charged Premises (or any portion thereof) and all buildings and structures erected thereon, and make such repairs thereto as it deems necessary, and the reasonable cost of such inspection and repairs, together with interest accruing thereon at the rate prescribed by the Charge (or at the rate of interest deemed to be applicable pursuant to these standard charge terms), shall be added to the Indebtedness secured by the Charge, and shall be payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and shall also be considered a charge against the Property having priority to all claims and encumbrances made or arising subsequent to the registration of the Charge. If the Chargor shall neglect to keep the Charged Premises in good condition and repair, or shall commit or permit any act of waste on the Charged Premises (as to which the Chargee shall be the sole judge), or if the Chargor is in default of any of the covenants, provisos, agreements or conditions contained in the Charge (or in any prior mortgage or charge to which the Charge is subordinate), then all monies secured by the Charge shall, at the option of the Chargee, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and in default of such payment interest shall continue to accrue thereon, and the Chargee's powers of entering upon and leasing or selling the Charged Premises or any portion thereof (and all other remedies contained in the Charge in favour of the Chargee) may thereafter be exercised forthwith.

(o) Save and except for the Permitted Encumbrances, the Chargor shall not further encumber the Property or any portion thereof without the Chargee's prior written consent, which consent shall not be unreasonably withheld or unduly delayed.

(p) The Chargor shall comply fully with the terms and provisions of the Permitted Encumbrances, and shall keep same in good standing at all times, and shall fully indemnify and save the Chargee harmless from and against all costs, claims, damages and/or liabilities which the Chargee may suffer or incur as a result of the Chargor's failure to do so.

(q) In the event that the Chargor commits an act of default under (or pursuant to the provisions contained in) any charge, agreement or encumbrance affecting (or registered against) the Charged Premises ranking *pari passu* with or in priority to this Charge, then the Chargor shall be deemed to have committed a breach or an act of default under the Charge, whereupon the Chargee shall be entitled to exercise and pursue any and all rights, remedies and powers against the Chargor and/or the Charged Premises (or any portion thereof) arising under or by virtue of the Charge, at law or in equity.

CHARGE EFFECTIVE WITHOUT ADVANCES THEREUNDER

6. Neither the preparation, execution nor registration of the Charge shall bind the Chargee to advance any monies secured by the Charge, nor shall the advance of a part of the monies thereby secured bind the Chargee to advance any unadvanced portion thereof, but nevertheless the security in the Charged Premises in favour of the Chargee shall take effect forthwith upon the execution and delivery of the Charge by the Chargor, and the Chargee's expenses incurred in connection with the examination of the title to the Charged Premises and/or in procuring any appraisal of the value of the Charged Premises shall nevertheless be secured by the Charge, and such monies together with interest accruing thereon at the rate stipulated in the Charge (or deemed to be applicable pursuant to these standard charge terms) shall correspondingly be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and in default of the Chargor's payment thereof, the Chargee's powers of entering upon and leasing or selling the Charged Premises or any portion thereof [and all other rights, remedies and powers against the Chargor and/or the Charged Premises (or any portion thereof) arising under or by virtue of the Charge in favour of the Chargee] may thereafter be exercised forthwith.

OUTSTANDING REALTY TAXES

7. The Chargee may, at its option, deduct from any advance of monies secured by the Charge, an amount sufficient to pay any realty taxes which have become due and payable as at the date of such advance, or alternatively may pay the whole or any portion of the outstanding realty taxes assessed against the Property at any time or times, and all amounts so expended by the Chargee shall automatically be added to the Indebtedness, and shall likewise be secured by the Charge. The Chargor shall deliver to the Chargee, forthwith upon the latter's request, copies of all realty tax bills and other notices of assessment affecting the imposition of realty taxes against the Property, together with evidence of the payment of same in form and substance satisfactory to the Chargee.

ASSIGNMENT OF CHARGE BY CHARGEE

8. The Chargee may, without notice to the Chargor and without the consent of the Chargor, assign the Charge in whole or in part, together with the benefit of all covenants of the Chargor thereunder, provided that the security and obligations to which the Charge is collateral shall likewise be assigned by the Chargee to the same assignee.

DISCRETIONARY POWERS OF THE CHARGEE

9. The Chargee may, at its sole, unfettered and unreviewable discretion, and without notice to the Chargor and without the consent of the Chargor, enter into an agreement with anyone who has assumed the Charge, to grant an extension of time; or to change the rate of interest applicable thereto; or to alter (in any way) the terms of payment of the Charge; or to take any additional security; or to waive the performance of any covenant(s) contained in the Charge; and may release the Chargor (or anyone claiming under the Chargor) or any other person(s) liable under the Charge; or may surrender, release or abandon (or omit to perfect or enforce) any security, remedy or proceeding which the Chargee may now or hereafter hold or have; and may take, acquire or discharge, either with or without payment, part or all of the Property and/or the Security; and may apply all monies received from the Chargor or others, or from any other security, upon such part of the Indebtedness secured by the Charge as the Chargee may think best, without prejudice to (and without in any way limiting or lessening) the liability of the Chargor and/or any guarantor(s), indemnitor(s) or other person(s) liable to the Chargee for the payment thereof. The Chargee shall incur no liability to the Chargor, or to any other person, by reason of any of the foregoing actions, arrangements or circumstances, and the liability of the Chargor and/or any guarantor(s), indemnitor(s) or other person(s) liable for payment of the Indebtedness to the Chargee shall continue in full force as long as any portion of the Indebtedness remains due and owing to the Chargee, but the Chargee shall not be bound to exhaust its rights, remedies and/or recourse against the Chargor, or against any other parties, or against the Property or the Security, before being entitled to demand and pursue immediate payment of the amounts secured by (or due and owing under) the Charge from any guarantor(s), indemnitor(s) or other person(s) liable for payment thereof.

EXCLUSION OF IMPLIED COVENANTS

10. (a) The implied covenants deemed to be included in a mortgage or charge under subsection 7(1) of The Land Registration Reform Act R.S.O. 1990, as amended, are hereby expressly excluded from these standard charge terms, and the previous existing covenants contained in The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474 (which has since been abolished) shall be deemed and construed to be incorporated herein by reference. Without limiting the generality of the foregoing, it is understood and agreed that if any of the forms of words or phrases contained in these standard charge terms are also contained in Column One of Schedule "B" to The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474, and distinguished by a number therein, then these standard charge terms shall be deemed to include (and shall have the same effect as if these standard charge terms contained) the form of words in Column Two of Schedule "B" to the said Act, distinguished by the same number, and accordingly the Charge and these standard charge terms shall be interpreted and construed as if The Short Forms of Mortgages Act R.S.O. 1980, Ch. 474, were still in full force and effect.

(b) The Chargor covenants, warrants and represents that it has a good, marketable and valid registered title to the Property, in fee simple, subject only to the Permitted Encumbrances, and has the good right, full power and lawful and absolute authority to charge the Property to and in favour of the Chargee in accordance with the terms and provisions set forth in the Charge and these standard charge terms, and to execute and deliver the Charge to the Chargee upon the covenants contained in the Charge and in these standard charge terms, and that upon the Chargor's execution and delivery of the Charge to the Chargee (and the corresponding registration of the Charge against the Property by or on behalf of the Chargee) the Chargee shall thereupon obtain and have a valid charge and security interest by virtue of the Charge that is binding upon and enforceable against the Chargor and the Property.

(c) On default, the Chargee shall have quiet possession of the Property, subject however to the Permitted Encumbrances but nevertheless free from all other claims, charges, interests and/or encumbrances whatsoever.

(d) The Chargor has done (and will do) no act to encumber the Property, save and except for the Permitted Encumbrances.

DISTRESS

11. The Chargee may distrain for arrears of interest, together with all costs, charges and expenses incurred in connection with (or otherwise attendant upon) any exercise of distraint undertaken by or on behalf of the Chargee upon the Chargor's default, as in like cases of distress for rent. The Chargee may also distrain for arrears of principal, in the same manner and to the same extent as if the same were arrears of interest.

SECURITY WITH RESPECT TO RENTS AND LEASES

12. (a) Notwithstanding anything hereinbefore or hereinafter provided to the contrary, it is expressly understood and agreed that the Chargor's assignment of the Rents and the Leases to and in favour of the Chargee pursuant to the Charge, as additional collateral security for the payment and/or performance of the Chargor's obligations to the Chargee arising under the Indemnity Agreement shall not, under any circumstances, be deemed or construed to create any privity of estate between any or all of the tenants in respect of any of the Leases, and the Chargee as the assignee thereof, nor shall said assignment oblige the Chargee to perform or fulfill (or otherwise make the Chargee liable or responsible for performing or fulfilling) any of the covenants or obligations of the Chargor arising under or in connection with any of the Leases, in its capacity as the landlord thereunder. Furthermore, nothing contained herein shall be deemed or construed to have the effect of making the Chargee responsible for the collection of the Rents or any part thereof, or for the performance of any covenants, terms and/or conditions (either by the landlord or by the tenant) contained in any of the Leases, and the Chargee shall not, by virtue of the Charge or these standard charge terms, be deemed or construed to be a mortgagee or chargee in possession of the Property or any portion thereof, and under no circumstances shall the Charge and/or the assignment of the Rents and the Leases thereunder, in and of themselves, constitute or create the relationship of landlord and tenant between the Chargee and any tenant(s) in respect of any of the Leases.

(b) If the Chargee, in the course of realizing on its security under the Charge consequent upon a default by the Chargor, takes any steps to attorn the Rents or any portion thereof, then the Chargee shall be liable to account for only such monies as shall actually come into its hands by virtue thereof, and such monies when received by the Chargee shall, at the sole option of the Chargee, be applied on account of the outstanding Indebtedness of the Chargor to the Chargee secured by the Charge, or be held as cash-collateral security for the outstanding obligations and/or liabilities of the Chargor to the Chargee, or otherwise applied on account of the monies from time to time due under the primary instrument(s) of indebtedness collaterally secured by the Charge.

(c) The Chargor covenants and agrees that no rent has been or will be paid by any tenant(s) or other person(s) in possession of any portion of the Property more than two months in advance, and that the payment of any Rents owing under any of the Leases shall not be waived, released, reduced, discounted or otherwise discharged or compromised by the Chargor, except in the ordinary course of the Chargor's business acting as a prudent landlord, and none of the terms and provisions of the Leases shall be altered, waived or discharged (nor shall any of the Leases be terminated at the instance of the Chargor prior to their respective terms), except in the ordinary course of the Chargor's business acting as a prudent landlord. Save as otherwise hereinbefore provided, nothing herein contained shall be deemed or construed to be a consent on the part of the Chargee to the payment of any Rents in advance by any of the tenants under the Leases so assigned, nor to an alteration of any of the terms of the Leases, neither of which shall be undertaken except in the ordinary course of the Chargor's business acting as a prudent landlord, without the prior consent of the Chargee, whether or not a demand by the Chargee for payment or performance by the Chargor has occurred under the Charge.

(d) The Chargee may waive any default committed by the Chargor under the Charge, or any breach of covenant with respect to the Charge, and shall not be bound to serve any notice upon any of the tenants in respect of any of the Leases upon the happening of any default or breach of covenant by the Chargor, but any such waiver shall not extend to any subsequent default or breach committed by the Chargor.

(e) Notwithstanding the assignment by the Chargor of the Rents and the Leases to and in favour of the Chargee pursuant to the Charge, it is understood and agreed that until a default or breach has been committed by the Chargor under the Charge, the Chargor shall be entitled to receive the Rents, and shall not be liable to account therefor to the Chargee; provided however that at any time after any default or breach of covenant has been committed by the Chargor under the Charge, or at any time after the Chargee's demand for payment of the Indebtedness or any portion thereof (and/or any other monies secured by the Charge by virtue of these standard charge terms), or at any time after demand by the Chargee for performance by the Chargor has been made under the Charge, the Chargee shall then be entitled to serve notice of demand for payment of the Rents falling due subsequent to the date of service of said notice upon any or all of the tenants in respect of the Leases, and shall correspondingly be entitled to collect any and all of the Rents falling due subsequent to the date of service of said notice. Any payment(s) of the Rents (or any portion thereof) by any of the Chargor's tenants to the Chargee pursuant to the aforementioned notice of demand for payment issued by the Chargee shall not be considered or construed as a breach of the Leases by the tenants making such payments to the Chargee. Despite any default or breach committed by the Chargor under the Charge, and irrespective of any receipt by the Chargee of the Rents (or any portion thereof) pursuant to the foregoing provisions hereof, it is expressly understood and agreed that the Chargor shall at all times be (and shall continue to remain exclusively) liable to perform and fulfill all of the covenants and obligations of the Chargor arising under (or in connection with) all of the Leases existing or outstanding from time to time, in its capacity as the landlord thereunder.

DEFAULT

13. (a) If default shall be made in the payment of any sum for interest at any time appointed for the payment thereof as aforesaid, then compound interest shall be payable, and in such circumstances the sum in arrears for interest from time to time, as well after as before demand or maturity, and both before and after default and judgment, shall bear interest at the rate aforesaid, and in case the interest and compound interest are not paid within one (1) month from the date of default, a rest shall be made and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before demand or maturity and so on from time to time, and all such interest and compound interest shall be a charge upon the Property.

(b) Upon default in the payment of any monies due and payable to the Chargee under the Charge for at least fifteen (15) days, the Chargee may, on at least thirty-five (35) days' notice in writing, enter on and lease the Property (or any portion thereof), or on default of payment for at least fifteen (15) days the Chargee may, on at least thirty-five (35) days' notice in writing, sell the Property (or any portion thereof). Such notice shall be given to such persons, and in such manner and form, and within such time as provided for or required by The Mortgages Act R.S.O. 1990, as amended, or alternatively as provided for in these standard charge terms. Provided further, and without prejudice to the statutory powers of the Chargee arising under the foregoing, that in case default be made in the payment of the said principal or interest or any part thereof, and such default continues for two (2) months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling (or any of them) without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form and within such time as is so required by law. The whole or any part or parts of the Property may be sold by public auction or private contract, or partly one or partly the other, and the proceeds of any sale under or pursuant to the Charge may be applied in payment of any costs, charges and expenses incurred by or on behalf of the Chargee in taking, recovering or keeping possession of the Property, or incurred by reason of the non-payment (or incurred in the course of procuring payment) of the monies secured by the Charge, or otherwise. The Chargee may sell the Property or any part thereof, on such terms as to credit and otherwise as shall appear to it most advantageous, and for such price as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property, and resell the same without being answerable for any loss occasioned thereby, and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from the purchaser(s) after the satisfaction of the claims of the Chargee, and for any of the said purposes the Chargee may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease of the Property (or any portion thereof), nor be affected by any express notice that any sale or lease is improper, and no lack of notice or publication by the Chargee (as and when required) shall invalidate any such sale or lease.

RECEIVER

14. The Chargee may by writing under the hand of any solicitor or agent authorized on its behalf, upon any default whatsoever on the part of the Chargor in the payment of any principal, interest or any other monies owing or otherwise secured under the Charge, or upon any default by the Chargor in the observance of any of the covenants and conditions therein contained, appoint a receiver or manager, or a receiver and manager, or a receiver-manager (hereinafter referred to as the "**Receiver**") of the Property or any portion thereof, and every such Receiver shall be deemed to be the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults of the Receiver, save and except for fraud or wilful misconduct. The Receiver shall have the power to demand, recover and receive all of the Rents and income from the Property by any lawful action, distress or otherwise, either in the name of the Chargor or the Chargee, and may give effectual receipts and discharges therefor. The Receiver may, at the discretion and written direction of the Chargee, complete the

development and construction of any uncompleted project or structure on the Property (or any portion thereof), substantially in accordance with the Chargor's plans and specifications in connection therewith, or carry on the business of the Chargor relating to the Property or any part thereof, and may exercise all the powers conferred upon the Chargee under the Charge. The Receiver may be removed by the Chargee, and in such case (as well as in the circumstances of any Receiver dying or refusing to act, or becoming incapable of acting) a new Receiver may be appointed from time to time by the Chargee by writing under the hand of any authorized solicitor or agent as aforesaid. The Chargee may from time to time fix the remuneration of every such Receiver, and may recompense every such Receiver for its disbursements properly incurred in carrying out its duties, and the Receiver's fees and disbursements shall be deemed and construed to be secured by the Charge against the Property, and shall be payable on demand, and shall bear interest at the rate stipulated under the Charge (or otherwise deemed to be applicable pursuant to these standard charge terms). The appointment of the Receiver by the Chargee shall not be deemed or construed to constitute the Chargee as a mortgagee or chargee in possession, and the Chargee shall not be accountable except for any monies actually received by it, and the person paying money to (or in any way dealing with) the Receiver shall not be obliged or concerned to enquire whether any cause or event has happened or occurred to authorize the Receiver to so act. Subject to the retention of the Receiver's remuneration and disbursements as aforesaid, the Receiver shall apply all monies received by it in such of the following modes, and in such order or priority as the Chargee may, from time to time and at the Chargee's sole option, direct in writing, namely: in discharge of all realty taxes, utility charges and other assessments affecting the Property which, if left unpaid, would constitute a lien or charge against the Property having priority over (or ranking *pari passu* with) the Charge; in payment of any amounts due under any mortgage or lien having priority over (or ranking *pari passu* with) the Charge; in payment of any premiums owing in respect of any fire, builder's all-risk, comprehensive liability and/or any other requisite insurance coverage that the Chargor is obliged under the Charge to procure and maintain, the payment of which is directed or confirmed in writing by the Chargee; in payment of the costs of executing or undertaking any necessary or proper repairs to any building or structure situate on the Property (or any portion thereof), as directed or confirmed in writing by the Chargee; in payment of the costs of carrying out or executing any of the powers, duties or discretions which vest in (or may be vested in) the Receiver by virtue of the foregoing provisions hereof; in payment of the principal monies (or any portion thereof) due and owing under the Charge, and/or in payment of any interest accruing due under the Charge, if and to the extent directed in writing by the Chargee; and shall pay the residue, if any, out of the monies received by the Receiver to the person or persons who, but for the possession of the Receiver, would have been entitled to receive same at law, in equity or by virtue of any applicable statute.

REMEDIES CUMULATIVE

15. No power or remedy conferred upon (or reserved to) the Chargee is intended to be exclusive of any other power or remedy given or available to the Chargee under or by virtue of the Charge and these standard charge terms, or under any security collateral thereto, or at law, in equity or by virtue of any applicable statute, and each and every such power or remedy shall be deemed and construed to be cumulative, and shall be in addition to every other power or remedy available to the Chargee by virtue of the Charge and these standard charge terms or any other security collateral thereto, now or hereafter existing at law, in equity or by statute. Every power and/or remedy given or available to the Chargee upon any default or breach of the Charge or these standard charge terms may be exercised by or on behalf of the Chargee from time to time, as often as may be deemed expedient by the Chargee, in its sole, unfettered and unreviewable discretion.

DISCHARGE

16. Upon the full payment and satisfaction of all principal, interest and other monies owing to the Chargee and secured by the Charge, and the due performance of all covenants and obligations of the Chargor set forth in the Charge, the Chargee shall, subject to the provisions of paragraph 28 hereof dealing with E-Reg registration requirements, execute and deliver a discharge of the Charge in registerable form within a reasonable time thereafter. All legal costs and other expenses incurred by the Chargee in connection with the preparation, execution and/or registration of such discharge shall be borne and paid for by the Chargor.

SEVERABILITY

17. If any one or more of the provisions contained in the Charge or in these standard charge terms shall, for any reason, be held or construed by a court of competent jurisdiction in the Province of Ontario to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Charge or these standard charge terms, and the Charge or these standard charge terms

(as the case may be) shall thereafter be read and construed as if such invalid, illegal or unenforceable provision had never been contained therein.

DUE ON SALE, TRANSFER OR CHANGE IN BENEFICIAL OWNERSHIP

18. In the event that the Chargor sells, conveys, transfers or assigns the Property (or any portion thereof) to one or more purchasers, transferors or assignees, or alternatively attempts or effects a change in the beneficial ownership of the Property (in whole or in part) at any time during the term or duration of the Charge, without first obtaining the written consent of the Chargee thereto, then at the sole option of the Chargee all monies secured by the Charge shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same. However, a sale to one or more arms' length purchasers of one or more units (or proposed units) in the Condominium Project developed (or to be developed) on the Property (or any portion thereof) shall not trigger any payment(s) by the Chargor to the Chargee pursuant to the preceding provisions hereof.

NO FURTHER CHARGE OR ENCUMBRANCE

19. In the event that the Chargor further charges, mortgages or encumbers the Property (or any portion thereof) in any way, save and except for the Permitted Encumbrances, without first obtaining the written consent of the Chargee thereto, then at the sole option of the Chargee all monies secured by the Charge shall become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same.

NOTICES

20. Any and all notices or other documents or communications desired or required to be given to any of the parties to the Charge [including the Chargor, the Chargee, and any guarantor(s) or indemnitor(s) of the Chargor's obligations under the Charge, in whole or in part] shall be in writing, and shall be delivered to the intended party or parties only by the following methods, namely by:

(a) prepaid registered mail (provided there is no prevailing or impending interruption in postal service at the relevant time of posting) addressed to the intended party or parties at their respective addresses for service set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the 5th day (excluding Saturdays, Sundays and statutory holidays) after the date same is posted by registered mail;

(b) telefax transmission to the intended party or parties at their respective telefax numbers set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the next day (excluding Saturdays, Sundays and statutory holidays) following the date of such telefax transmission, and provided further that a confirmation of such telefax transmission has been received by the transmitting party contemporaneous with (or forthwith following) such telefax transmission; or

(c) personal delivery by hand or bonded courier, to any officer, director or senior employee of the intended party or parties, at their respective addresses for service set forth in the Charge, and shall be deemed to have been effectively given and correspondingly received on the next day (excluding Saturdays, Sundays and statutory holidays) following the date of such personal delivery.

Any of the parties to the Charge may, from time to time and by written notice delivered to all other parties thereto in the manner aforesaid, change the address for service or telefax number (or provide a telefax number where no such fax number was originally set forth in the Charge) to which its notices, documents and other communications are to be delivered.

NON-MERGER

21. (a) The taking of the Charge by the Chargee as security for the Indebtedness and interest thereon, and for all other amounts secured thereunder, shall not operate as a merger of the remedies of the Chargee for the payment of the monies owing from time to time by the Chargor to the Chargee, nor of any remedies or powers of the Chargee arising under the Commitment Letter, and the Charge shall constitute continuing security to the Chargee for the amount of the Indebtedness and interest thereon, and for all other amounts secured thereunder in accordance with the provisions of these standard charge terms.

(b) It is further agreed that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of any such covenants, nor shall same affect the Chargee's right to interest at the rate and times expressly provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and provided further that any such judgment(s) shall provide or stipulate that interest thereon shall be computed at the same rate (and in the same manner) as provided for in the Charge(or at the rate of interest deemed to be applicable by virtue of these standard charge terms, as the case may be) until the judgment(s) shall have been fully paid and satisfied.

APPLICATION OF PROCEEDS

22. Any and all payments made to the Chargee in respect of any monies secured by the Charge, and/or any monies or other proceeds realized from any securities held therefor (including the Charge) may be applied, and/or re-applied (notwithstanding any previous application) against or in respect of such part or parts of the Indebtedness and other liabilities of the Chargor arising under the Commitment Letter and/or the Charge as the Chargee may see fit in its sole, unfettered and unreviewable discretion.

CONSENTS AND PARTIAL DISCHARGES

23. (a) Subject to the provisions of paragraph 28 hereof dealing with the E-Reg registration requirements, the Chargor, when not in default under the Charge, shall have the privilege of obtaining from the Chargee, upon ten (10) days' notice therefor (excluding Saturdays, Sundays and statutory holidays), the following:

(i) the consent in writing of the Chargee to all documents and/or Planning Act proceedings (including any severance or minor variance applications) which may be reasonably required by the Chargor for the purposes of servicing the Property and/or developing the Condominium Project thereon, including all required postponements of the Charge (in registerable form) to any and all requisite easements or rights of way for maintenance, servicing, access and/or support purposes, and to any and all condominium development (or similar) agreements with any municipal, regional or other governmental authority or agency and/or utility provider; and

(ii) partial discharges of the Charge in respect of such portions of the Property as are required by the Chargor to be dedicated or conveyed to any municipal, regional or other governmental authority or agency, including road or park dedications;

provided that:

A) the partial discharge(s) and any related documents in connection therewith are in compliance with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended;

B) any such partial discharge(s) and consent(s) will not, in the reasonable opinion of the Chargee's counsel or the Chargee, materially or adversely affect the value of the Property or the Chargee's security interests under the Charge;

C) the Chargee does not incur any liability under (or in respect of) any partial discharge(s) and/or consent(s) granted by the Chargee pursuant to the foregoing provisions hereof;

D) the execution by the Chargee of any such partial discharge(s) and/or consent(s) is to the extent only of its interests in the Charge; and

E) any consideration payable to the Chargor for any such partial discharge(s) and/or consent(s), or for any other document(s) requested to be executed by the Chargee in connection with the foregoing provisions of this paragraph, shall be paid entirely to the party or parties that are providing construction financing to the Chargor in connection with the development and construction of the Condominium Project on the Property, in reduction of the principal and interest indebtedness owing and secured thereunder.

(b) In those circumstances where the Condominium Project has been developed and completed on the Property (or any portion thereof), and the Condominium Corporation has correspondingly been created and registered under The Condominium Act 1998, S.O. 1998, as amended, the Chargor shall, subject to the overriding provisions of paragraph 23(c) and (d) hereof, have the privilege of obtaining a partial discharge of the Charge with respect to each dwelling unit (and any ancillary parking and/or locker unit(s) acquired in connection therewith, if any), without any payment by the Chargor on account of principal or interest, provided that the following conditions are all complied with, namely:

(i) that each partial discharge so requested is in compliance with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended;

(ii) that the Chargor delivers (or causes to be delivered) to the purchaser of such unit(s) a registrable transfer and conveyance of such unit(s);

(iii) that the deed/transfer in respect of such unit(s) so conveyed by the Chargor is duly registered on title; and

(iv) that the Chargee is furnished with a photocopy of the duplicate registered copy of such transfer and conveyance, or is given the registration particulars thereof.

(c) It is understood and agreed that the Chargee shall provide to the Chargor or its solicitors one or more blanket partial discharges of the Charge in respect of those units (and their appurtenant common interests) in the Condominium Project that have been sold and conveyed by the Chargor, within thirty (30) days after the Chargee's receipt of a list from the Chargor or its solicitors indicating and confirming the specific units so transferred to the respective unit purchasers thereof, accompanied by the registration numbers of the deeds/transfers to the respective unit purchasers. All such partial discharges shall be provided by the Chargee free of any charge or fee to the Chargor, save and except as may otherwise be specified or stipulated in the Commitment Letter. Alternatively, should the Chargor require executed individual partial discharges of the Charge on or before the final closing of any unit sale transactions, then the Chargor's solicitors shall prepare and forward the requisite partial discharges to the Chargee for execution, along with certified funds to cover and pay for the Chargee's solicitor's reasonable legal fees charged in connection with each individual partial discharge (or any higher sum or fee per individual partial discharge as may be specified in the Commitment Letter).

(d) Notwithstanding anything provided in these standard charge terms to the contrary, it is understood and agreed that the Chargee shall not be obliged nor requested to provide any partial discharge(s) of the Charge in respect of any condominium unit(s) and its/their appurtenant common interests for which:

(i) the Chargor still has liability exposure to ONHWP for any deposit monies paid by a previous purchaser of the same unit(s); and/or

(ii) the Chargee still has liability exposure to ONHWP under (or in connection with) any warranty bond(s) issued to ONHWP by the Chargee in connection with the Condominium Project (or any portion thereof), or any liability exposure under any excess condominium deposit insurance policy, with respect to any deposit monies paid by a previous purchaser of the same unit(s).

(e) The registration of a partial discharge of the Charge in respect of any condominium unit (and its appurtenant common interests), or in respect of any other portion of the Property shall, insofar as such premises so partially discharged are concerned, automatically constitute a discharge of (and from) all other security documents and security interests in favour of the Chargee (excluding any guarantees) as may be registered against the title to the Property (or any portion thereof) or evidenced by any financing statement(s) registered or recorded under the Ontario Personal Property Security Registration System.

POSTPONEMENT OF THE CHARGE

24. The Chargee covenants and agrees to postpone and subordinate the Charge, and its rights and interests thereunder, to and in favour of the mortgage security now or hereafter given by the Chargor to the party or parties providing construction financing to the Chargor in connection with the development and construction of the Condominium Project on the Property or any portion thereof (hereinafter referred to as the "**Construction Mortgage**"), and to any and all advances under the Construction Mortgage (whether prior to, or subsequent to, the date of registration of the Charge), and the Chargee shall correspondingly execute and deliver to the Chargor, forthwith upon the Chargor's request (and at no charge or fee to the Chargor therefor), a postponement of the Charge in registerable form, together with any requisite financing change statement (for registration under the Ontario Personal Property Security Registration System) evidencing and confirming the foregoing postponement and subordination; provided however that with respect to purchasers' deposit monies involving the Condominium Project which are held or retained in a designated trust account monitored by or on behalf of the

Chargee, it is expressly understood and agreed that the Chargee shall have a first charge and security interest with respect thereto, which shall not be postponed nor subordinated to or in favour of the holder(s)/owner(s) of the Construction Mortgage (hereinafter collectively referred to as the "**Construction Mortgagee**").

RELEASING OF SECURITY BY CHARGEE

25. Subject to the overriding requirement to comply with the part-lot control and subdivision control provisions of The Planning Act R.S.O. 1990, as amended, the Chargee may at any time, and from time to time, in its sole, unfettered and unreviewable discretion, release or discharge any part or parts of the Property from the security of the Charge, and/or may release any other security for (or any surety in respect of) the monies secured by the Charge or any portion thereof, either with or without any sufficient consideration therefor, and without any responsibility or liability to the Chargor (or any other party or parties) therefor, all without thereby releasing any other part of the Property or the Chargor [or any other person(s) from the obligations under the Charge], or from any of the covenants therein contained, and without being accountable to the Chargor for the value of any property or security so released or discharged, or for any monies except for such funds that are actually received by the Chargee. Every lot, part-lot or condominium unit into which the Charged Premises are (or may hereafter be) divided does and shall stand charged with all of the monies owing by the Chargor to the Chargee and secured by the Charge, and no person shall have the right to require such monies to be apportioned. It is expressly agreed that the Chargee may grant time, renewals, extensions, indulgences, releases and discharges, and may take securities or give same up, and may abstain from taking any securities, or from perfecting any securities, and/or may otherwise deal with the Chargor and all other persons and securities as the Chargee may see fit, in its sole, unfettered and unreviewable discretion, without restricting, prejudicing or derogating from any of the rights of the Chargee arising under or by virtue of the Charge and these standard charge terms.

SALE OF EQUITY OF REDEMPTION

26. No sale, transfer, conveyance or other dealing whatsoever by the Chargor with the Property or the equity of redemption with respect to same (or any part thereof) shall in any way change the liability of the Chargor to the Chargee, or in any way alter the rights of the Chargee as against the Chargor or any other person(s) liable for the payment of the monies and/or the performance of the obligations secured by the Charge.

QUIET POSSESSION PRIOR TO DEFAULT

27. Until a default by the Chargor under the Charge has occurred, the Chargor shall have quiet possession of the Property. Upon a default in the payment of any principal and/or interest due and owing under the Charge, or upon a default in the performance of any of the covenants or obligations set forth in the Charge or in these standard charge terms, the Chargee may enter into and take possession of the Property (or any portion thereof), and shall correspondingly be entitled to use, occupy, possess and enjoy the Property (or any portion thereof), without any interference, suit, hindrance, interruption, or claim by or from the Chargor or any other person or persons whomsoever.

E-REG ELECTRONIC REGISTRATION REQUIREMENTS

28. In the event that the electronic registration system (herein referred to as the "**Teraview Electronic Registration System**" or "**E-Reg**") is operative in the applicable Land Titles Office in which the Charged Premises are registered, then anywhere in these standard charge terms where it is stated that the Chargee is obliged to execute and deliver a discharge and/or postponement of the Charge, in registerable form, such obligation shall be replaced with either of the following obligations to be selected or chosen by the Chargee in its sole discretion, namely:

(a) the Chargee delivering to the Chargor's solicitor an acknowledgment and direction authorizing the Chargor's solicitor to electronically register the discharge(s) and/or the postponement(s), as the case may be (provided that the Chargor's solicitor personally undertakes to provide the Chargee's solicitor with the registration particulars thereof, or alternatively a receipted copy of the electronically registered discharge and/or postponement, as the case may be, forthwith following the registration of same), all at the Chargor's sole cost and expense; or

(b) the Chargee authorizing and directing its solicitor to electronically register the discharge(s) and/or the postponement(s), as the case may be, at the Chargor's sole cost and expense;

provided that in each case the Chargor has otherwise complied with all other provisions set forth in the Charge and in these standard charge terms.

REGISTRATION OF CONDOMINIUM ON THE PROPERTY

29. (a) It is acknowledged and agreed that the Condominium Project is intended to be developed on all or a portion of the Property encumbered by the Charge, and to be described in a declaration and description drawn and prepared pursuant to (and in accordance with) the provisions of The Condominium Act 1998, S.O. 1998, as amended, or any successor condominium legislation (hereinafter referred to as the "**Act**"), and registered as a condominium pursuant to the provisions thereof. The term or expression "**Condominium Corporation**" shall mean the condominium corporation created by the registration of the said declaration and description against or in respect of the Property (or any portion thereof).

(b) The Chargor covenants and agrees to observe and comply with all duties and obligations imposed on the Chargor by the provisions of the Act, and by the declaration, by-laws and rules of the Condominium Corporation in force from time to time. Without limiting the generality of the foregoing, the Chargor covenants and agrees that it will promptly pay, as and when due, all contributions to the common expenses and all other payments required to be made by the Chargor as owner of the units therein. The Chargor further covenants and agrees to deliver to the Chargee, forthwith upon the demand of the Chargee, satisfactory proof that all common expenses assessed against the unit(s) owned by the Chargor have been paid, as and when same are due. In the event of the Chargor's default in paying any common expenses or other monies due and owing to the Condominium Corporation, the Chargee may, at its sole option, pay the same and add the amount thereof to the Indebtedness (and same shall correspondingly be secured by the Charge) and shall bear interest at the rate provided by the Charge (or deemed to be applicable by virtue of these standard charge terms), and the Chargee may thereafter exercise all or any of its rights, powers and/or remedies arising under or by virtue of the Charge and these standard charge terms by reason of the Chargor's non-payment of the common expenses or such other monies. Any breach of the aforementioned duties and obligations by the Chargor shall constitute a default under the Charge, and shall thereupon entitle the Chargee to exercise all of the rights, powers and remedies provided by virtue of the Charge (and these standard charge terms) in the event of a default thereunder. Without limiting the generality of the foregoing, upon the Chargor's default in the payment of the common expenses as aforesaid, the outstanding Indebtedness (and all other monies) secured by the Charge shall, at the Chargee's sole option, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment of same.

(c) The Chargor further covenants and agrees to deliver to the Chargee a copy of each and every:

(i) claim or demand for payment made by or on behalf of the Condominium Corporation to or from the Chargor, at least five (5) clear days prior to the date upon which any monies so claimed or demanded become due and payable, as provided by the terms of such claim or demand;

(ii) notice of any breach by the Chargor (or by those for whom the Chargor is liable or responsible at law or in equity) of any of the provisions of the Act, and/or the declaration, by-laws or rules of the Condominium Corporation, within five (5) days of the date upon which such notice is received by the Chargor;

(iii) request or demand for the consent or vote of the Chargor to any matter affecting any or all of the units in the Condominium Corporation owned by the Chargor, or with respect to the common elements, within five (5) days of the date upon which such request or demand is received by the Chargor;

(iv) notice of any special assessment proposed to be levied or any extraordinary expenditure intended or contemplated to be made by the Condominium Corporation, within five (5) days of the date upon which the Chargor receives notice of same; and

(v) in the event that the Charge constitutes a second charge against any unit(s) owned by the Chargor, notice that the holder of the first charge does not intend to exercise the right to vote in respect of any matter relating to the affairs of the Condominium Corporation, within five (5) days of the date upon which the Chargor receives such notice from the holder of the first charge.

(d) In the event that the government of the property of the Condominium Corporation is terminated pursuant to the provisions of the Act, or in the event that a sale of the condominium property or any portion of the common elements is authorized by a vote of the owners of the Condominium Corporation, then in any of such circumstances the monies secured by the Charge shall, at the option of the Chargee, become due and payable on the thirtieth (30th) day following the date of the Chargee's demand for payment, and all the rights, powers and remedies conferred upon the Chargee by virtue of the Charge and these standard charge terms shall thereupon become exercisable, notwithstanding any consent given by the Chargee to any such termination or sale.

(e) The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor to vote and/or consent to all matters pertaining to the affairs of the Condominium Corporation and/or any unit(s) owned by the Chargor and its/their appurtenant common interests, including without limitation, any matter relevant to the management of the Condominium Corporation, the sale of the whole or any portion of the condominium property and/or the assets of the Condominium Corporation, and/or the termination of the Condominium Corporation under the Act, and to exercise such right to vote and/or consent at all times and for all purposes, wherever and whenever the Chargor would have such right to vote or consent, at any meeting(s) of the unit owners of the Condominium Corporation, whether or not the Chargor is in default or in breach of any of the covenants or provisions contained in the Charge or in these standard charges, provided however that the Chargor shall nevertheless be entitled to exercise such right to vote or consent unless and until the Chargee gives notice to the Condominium Corporation and to the Chargor of the Chargee's intention to exercise such rights, in accordance with the provisions of the Act. Any such notice from or on behalf of the Chargee may apply to an indeterminate period of time, or to a limited period of time, or to a specific meeting or matter.

(f) The Chargee may, from time to time, waive its right to vote or consent, by giving notice of its intention to do so to the Condominium Corporation and to the Chargor, and any such waiver may be for an indeterminate period of time until withdrawn, or for a limited period of time, or for a specific meeting or matter, and while such waiver is in effect, the Chargor may exercise the right to vote or to consent.

(g) Notwithstanding the exercise by the Chargee of the right of the Chargor to vote or consent, it is acknowledged and agreed that such exercise shall not, under any circumstances, be deemed or construed so as to render the Chargee a mortgagee or chargee in possession, and it is further agreed that the Chargee shall not be under any obligation to vote, consent or otherwise protect the interests of the Chargor, nor shall the Chargee be responsible or liable to the Chargor in connection with any exercise of the right to vote or consent, nor with respect to any failure on the part of the Chargee to exercise such right to vote or consent.

(h) The Chargee may, at its sole option, pay the amount of any common expenses or other payments owing by the Chargor to the Condominium Corporation, and/or the amount of any other encumbrance, lien or charge having or claiming priority over (or ranking *pari passu* with) the Charge, including any realty taxes or other charges assessed against any or all of the units owned by the Chargor and their appurtenant interests in the common elements of the Condominium Corporation, and all such monies so paid by the Chargee, as well as all costs, charges and expenses incurred by or on behalf of the Chargee in recovering and keeping possession of the unit(s) owned by the Chargor, and all solicitor's charges (based on a substantial indemnity scale of costs) in respect of the collection of any overdue payments or any other monies payable by the Chargor (whether or not any step, action or proceeding to enforce such payment has been taken against the Chargor), shall be added to the Indebtedness secured by the Charge, and shall be payable by the Chargor to the Chargee on the thirtieth (30th) day following the date of the Chargee's demand for payment of same, and shall likewise bear interest at the rate specified in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms). In the event of the Chargee paying the amount of any such encumbrance, lien or charge, and/or paying any outstanding realty taxes, common expenses, special assessments or any other payments owing by the Chargor to the Condominium Corporation, then the Chargee shall be entitled to all the rights, powers, entitlements, equities, remedies and/or securities of all persons so paid (including, without limitation, the Condominium Corporation).

(i) The Chargor hereby charges to and in favour of the Chargee, as and by way of additional collateral security for the Chargor's repayment of the outstanding Indebtedness secured under the Charge, all rents and other monies receivable by the Chargor in connection with any unit(s) in the Condominium Corporation owned by the Chargor, and which are payable under any lease(s), occupancy agreement(s) or rental arrangement(s) now or hereafter entered into by the Chargor, and hereby assigns to the Chargee the benefit of all covenants, agreements and provisos therein contained, and shall execute and deliver to the Chargee all such notices and other documents as may be reasonably required in order to render such assignment effectual in law, and/or to preserve the priority of the Chargee with respect thereto pursuant to any registration provision of any statute, provided that the payment of rents under any such leases, occupancy agreements and/or rental arrangements may continue to be made to the Chargor unless and until default occurs under the Charge, and the Chargee notifies the Chargor and the lessee(s) or occupant(s) in writing to thereafter pay all rents and/or occupancy fees due and owing (or becoming due and owing) directly to the Chargee. Nothing herein contained shall make the Chargee responsible for the collection of the rents payable under any such leases or occupancy agreements, nor for the performance of any covenants, terms or conditions contained therein, and the Chargee shall not, by virtue of these presents, be deemed or construed under any circumstances to be a mortgagee or chargee in possession of the unit(s) owned by the Chargor. The Chargee shall be liable to account for only such rents or occupancy fees as actually come into its hands, less reasonable collection charges in respect thereof.

(j) Notwithstanding anything contained in the Charge or in these standard charge terms to the contrary, it is acknowledged and agreed that the obligation to insure any portion of the common elements, as well as the obligation to insure all of the units owned by the Chargor in the Condominium Corporation from time to time, up to the level of insurance mandated by the standard unit description set forth in any by-law of the Condominium Corporation (if such a by-law has been duly enacted), or by the standard unit description set out in the schedule (if any) prepared by the declarant of the Condominium Corporation and turned over to the board of directors of the Condominium Corporation in accordance with the provisions of the Act (in those circumstances where a standard unit by-law has not been enacted), may be performed by the Condominium Corporation rather than by the Chargor, and the proceeds of such insurance may be payable in accordance with the provisions of the declaration, by-laws and insurance trust agreement of the Condominium Corporation. However, in addition to the insurance coverage required to be obtained and maintained by the Condominium Corporation, the Chargor shall be obliged to obtain and maintain its own insurance coverage (noting the interests of the Chargee as a loss payee) for damage to any and all improvements made to the units (or deemed to be improvements to the units, pursuant to the provisions of the Act) owned from time to time by the Chargor, for the full replacement cost or value thereof, subject to a reasonable deductible limit or amount. The Chargor covenants that forthwith upon the happening of any loss or damage, it shall fully comply with the terms of all applicable policies of insurance, and with the insurance provisions of the said declaration, by-laws and insurance trust agreement of the Condominium Corporation, and shall seek the full compliance by the Condominium Corporation with its aforementioned insurance obligations. The Chargor further covenants and agrees to provide the Chargee with copies of all applicable insurance policies obtained and maintained by the Condominium Corporation, and by the Chargor, together with evidence of the payment of all premiums owing with respect thereto, along with evidence of the renewal of all such applicable insurance policies, within five days of being requested by the Chargee for same, all at no cost, charge or expense to the Chargee therefor whatsoever. If the Chargor or the Condominium Corporation (or both of them) shall neglect to keep the condominium property (including all of the units owned from time to time by the Chargor) fully insured as aforesaid, or to deliver copies of such policies of insurance and/or evidence of payment of all premiums owing with respect thereto, and/or evidence of the renewal of all such insurance policies as aforesaid, then the Chargee shall be entitled, but shall not be obliged, to insure each and every unit owned from time to time by the Chargor, and the Chargor or the Condominium Corporation (or both of them) shall forthwith, on the happening of any loss or damage, furnish at their own respective expense all necessary proofs, and shall do or undertake all necessary acts or things so as to enable the Chargee to obtain payment of all applicable or obtainable insurance proceeds.

CHANGE IN CHARGOR'S STATUS

30. Immediately after any change or transfer in the legal title or beneficial ownership of the Property, or any portion thereof (which change or transfer shall not occur or be undertaken without the prior written consent of the Chargee, unless same constitutes a sale or transfer to one or more arms' length purchasers of one or more units in the Condominium Project), the Chargor shall furnish the Chargee with full particulars thereof (together with such other information in connection with the foregoing as the Chargee may from time to time request), so that the Chargee is kept fully informed of the names and addresses of the owner or owners for the time being of the Property.

GUARANTEE

31. Each party named or described in the Charge as a guarantor (hereinafter individually and collectively referred to as the "**Guarantor**") hereby agrees with the Chargee as follows:

(a) In consideration of the Chargee issuing one or more warranty bonds to ONHWP in connection with the Condominium Project for and on behalf of the Chargor, and/or providing excess condominium deposit insurance with respect to some or all of the purchasers' deposit monies in connection with the Condominium Project, and for other good and valuable consideration and the sum of Two Dollars of lawful money of Canada paid by the Chargee to the Guarantor (the receipt and sufficiency of which is hereby expressly acknowledged), the Guarantor hereby covenants, promises and agrees as a principal debtor, and not merely as a surety, to pay (or cause to be paid) to the Chargee the entire Indebtedness and all other monies secured by the Charge, together with all interest accrued thereon at the rate stipulated in the Charge (or at the rate deemed to be applicable pursuant to these standard charge terms), at the times and in the manner set forth in the Charge, and shall observe, perform and fulfill all covenants and obligations of the Chargor contained in the Charge and set forth in these standard charge terms, and the Guarantor does further acknowledge and agree that this covenant of guarantee shall unconditionally bind the Guarantor (and the Guarantor's respective heirs, estate trustees, successors and assigns) notwithstanding any indulgences granted by the Chargee to the Chargor, the giving of time for the repayment of the Indebtedness secured by the Charge, the varying of the terms of payment of the Charge, the varying of the principal sum secured by the Charge and/or the rate of interest charged thereunder (including any increase or decrease in the principal sum secured and/or any increase or decrease in the interest rate so charged or accruing under the Charge), any extension or renewal of the Charge by the Chargee, any release or discharge of the Chargor and/or any discharge of the Charge registered in respect of any portion of the Property [including any unit(s) and its/their appurtenant common interests], and/or the subsequent bankruptcy or insolvency of the Chargor, and despite the Chargee's failure or omission to obtain the consent or signature of the Guarantor to (or to give notice to the Guarantor of) any such indulgences by the Chargee, any such giving of time for repayment, any such variance of the terms of payment, any such variance of the principal sum secured and/or the rate of interest so charged (including any increase or decrease in the principal sum secured and/or any increase or decrease in the interest rate so charged or accruing under the Charge), any such extension or renewal of the Charge, any such release or discharge of the Chargor and/or any discharge of the Charge registered in respect of any portion of the Property [including any unit(s) and its/their appurtenant common interests], and/or any such bankruptcy or insolvency of the Chargor.

(b) The Guarantor expressly acknowledges and agrees that the Chargee may waive any breach or default by the Chargor, and may accept other covenants, guarantees, sureties or securities without notice to (and without the consent of) the Guarantor, and without relieving the Guarantor from any liability to the Chargee, and that the Guarantor's liability shall subsist and continue until payment in full is received by the Chargee of the entire Indebtedness together with all interest accrued thereon and all other monies secured by the Charge. Without limiting the generality of the foregoing, it is understood and agreed that the liability of the Guarantor shall subsist and continue, and be binding on the Guarantor, as well after as before default, and both before and after the Chargee's demand or the maturity of the Charge, until the outstanding Indebtedness secured by the Charge (together with all interest accrued thereon and all other monies secured by the Charge) have been fully paid and satisfied, and nothing whatsoever shall reduce, release or extinguish such liability of the Guarantor until the entire Indebtedness, together with interest thereon and all other monies secured by the Charge are fully paid to the Chargee as aforesaid.

(c) The Guarantor hereby expressly acknowledges and agrees that upon any default by the Chargor under the Charge, the Chargee shall thereupon be entitled to demand payment from the Guarantor of the entire outstanding principal and interest indebtedness secured thereunder, and shall be correspondingly entitled to exercise and pursue all rights, remedies and powers:

i) against the Chargor and/or the Property (or any portion thereof), without having to give any notice thereof whatsoever to the Guarantor; and/or

ii) against the Guarantor, without having to take any prior action (nor any action whatsoever) against the Chargor (or against any other party or parties), and without having to realize on the security of the Charge against the Property (or any portion thereof), and without having to exhaust or pursue any other rights, powers and/or remedies available to the Chargee against the Chargor or any other person or property whatsoever.

(d) It is further acknowledged and agreed by the Guarantor that the foregoing covenant of guarantee has been given to the Chargee free of any conditions, that no representations whatsoever have been made to the Guarantor affecting (or with respect to) the Guarantor's liability to the Chargee, that said guarantee is in addition to (and not in substitution for) any other guarantee(s) now or hereafter held or taken by the Chargee in respect of the outstanding indebtedness secured by the Charge (or any portion thereof), and that said guarantee shall not be deemed or construed to have been waived, released, discharged, impaired or affected by reason of any assignment and/or re-assignment of the Charge at any time hereafter, nor by reason of any subsequent sale, transfer or other conveyance of the Property (or any portion thereof) by the Chargor or the Chargor's successors in title thereto.

(e) Any payment made by the Guarantor to the Chargee pursuant to this guarantee shall not in any way or event be deemed or construed to affect or reduce the liability of the Chargor for the payment of any monies secured by the Charge, but rather such liability of the Chargor to the Chargee shall remain unimpaired and unaffected, and the Chargor may in such circumstances be liable to the Guarantor to the extent of any such payments made by the Guarantor to the Chargee, inasmuch as the Guarantor may be subrogated as against the Chargor to all of the rights, powers and privileges to which the Chargee was entitled prior to any such payment by the Guarantor; provided however that the Guarantor shall not be entitled under any circumstances to claim or rank for payment against the Chargor or the Property (or any portion thereof) in priority to, or *pari passu* with, the Chargee, nor otherwise compete with or against the Chargee insofar as the Chargor or the Property (or any portion thereof) so encumbered by the Charge is concerned, unless and until the entire Indebtedness, together with all interest accrued thereon and all other monies secured by the Charge, have been fully paid to the Chargee, and accordingly any monies or other property received or collected prior thereto by the Guarantor from the Chargor (either directly or indirectly) shall be deemed and construed to be held in trust by the Guarantor for and on behalf of the Chargee (and shall be forthwith remitted and/or paid to the Chargee by the Guarantor).

(f) The Chargee may vary any agreement or arrangement with, or release, the Guarantor (or any one or more of the Guarantors, if more than one party is named or described as Guarantor), and may grant extensions of time or other indulgences to the Guarantor, and/or otherwise deal with the Guarantor in any manner that the Chargee deems appropriate, in its sole, unfettered and unreviewable discretion, without any notice to (and without having to procure the consent of) the Chargor or any other Guarantor (or their respective successors or assigns), and without in any way reducing or otherwise affecting the liability of the Chargor to the Chargee arising under the Charge (nor reducing or otherwise affecting the liability of any other Guarantor to the Chargee).

(g) All covenants and obligations of the individual parties comprising the Guarantor shall be deemed and construed to be joint and several covenants and obligations. Accordingly, where more than one party is named or described in the Charge as a guarantor, then all of the foregoing covenants, liabilities and obligations of the Guarantor shall be deemed and construed to be joint and several covenants, liabilities and obligations, respectively. Furthermore, all of the covenants, liabilities and obligations of the Guarantor created or imposed by these standard charge terms shall be equally binding upon the Guarantor's respective heirs, estate trustees, successors and assigns.

COSTS ADDED TO PRINCIPAL

32. Without limiting or restricting any of the foregoing provisions of these standard charge terms, it is acknowledged and agreed that the Chargee may pay all premiums of insurance, and all realty taxes, utility charges and/or common expense payments which from time to time fall due and remain unpaid in respect of the Property (or any portion thereof), or in respect of any units owned by the Chargor in the Condominium Corporation and their appurtenant common interests, and all such payments so made by the Chargee, together with all costs and expenses incurred by or on behalf of the Chargee in negotiating, preparing and/or registering the Charge, investigating the title to the Property and/or in having the Property inspected and appraised, and incurred with respect to any proceedings taken or pursued by the Chargee in connection with the Charge (including recovering and keeping possession of the Property, or suing the Chargor on its covenant to pay, or otherwise pursuing the collection of the payment of the Indebtedness from the Chargor), or in realizing upon the security of the Charge [including without limitation, all legal fees, disbursements and real estate commissions and other costs incurred in leasing or selling the Property (or any portion thereof), or in exercising any power of sale in respect of the Property (or any portion thereof)], shall, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), be and constitute a charge against the Property in favour of the Chargee, and the Chargee may also pay or satisfy any lien, charge or encumbrance (other than any of the Permitted Encumbrances) now existing or hereafter created or claimed upon the Property, which payments, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms) shall likewise be and constitute a charge against the Property in favour of the Chargee. It is further understood and agreed that all such amounts so paid or incurred by the Chargee as aforesaid shall be added to the Principal Sum secured by the Charge, and shall be payable on the thirtieth (30th) day following the

date of the Chargee's demand for payment of same, together with interest thereon at the rate provided for in the Charge (or at the rate of interest deemed to be applicable by virtue of these standard charge terms), and upon the Chargor's default in the payment of same all rights, powers and remedies conferred upon (or reserved to) the Chargee under or by virtue of the Charge and these standard charge terms shall thereupon become immediately exercisable.

INTERPRETATION, ENUREMENT, TIME OF THE ESSENCE & HEADINGS

33. The Charge and these standard charge terms shall be read and construed with all changes in gender and/or number as may be required by the context. All rights, powers, remedies, advantages, privileges, immunities and things secured to and in favour of the Chargee under or by virtue of the Charge and these standard charge terms (including the benefit of all covenants and obligations of the Chargor thereunder), shall enure to the benefit of the Chargee's successors and assigns, and all covenants, obligations and liabilities of the Chargor arising under or by virtue of the Charge and these standard charge terms shall correspondingly be binding upon the Chargor's heirs, estate trustees, successor and assigns (including any trustee in bankruptcy appointed in respect of the Chargor), as the case may be. All covenants, liabilities and obligations of the Chargor and the Guarantor respectively, shall be joint and several. Time shall be of the essence in respect of the performance and fulfilment of all covenants and obligations set forth in the Charge and in these standard charge terms. The headings used throughout these standard charge terms are inserted for convenience of reference purposes only, and shall not affect the interpretation or construction of the Charge nor these standard charge terms, and shall not define, restrict or limit any term or provision thereof.

CHARGOR'S ACKNOWLEDGMENT & AUTHORIZATION

34. The Chargor acknowledges having received a true copy of the Charge, and in the event E-Reg is operative in the applicable Land Titles Office in which the Property is registered, then the Chargor expressly authorizes the Chargee (and/or its solicitors) to register the Charge against the Property electronically in the Teraview Electronic Registration System.

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Dated the 16th day of January, 2003.

St. Paul Guarantee Insurance Company, by
its solicitors and agents,
Messrs. DelZotto, Zorzi

Per:______________________
Harry Herskowitz

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200301 Cote

Form MO-D4012 1
STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200302 Cote
Filing Date Jan. 27, 2003 Date de Dépôt
Page 1 of/de Sixteen (16) Pages
DIRECTOR OF LAND REGISTRATION (A)
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by: INTERNATIONAL COMMERCIAL BANK OF CATHAY (CANADA)
Filing Number: 200302 **Filing Date:** Jan. 27, 2003

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by any additions, amendments or deletions in any attached Schedule.

1. DEFINITIONS

In this set of standard charge terms:

Act means the *Land Registration Reform Act* (Ontario), as amended or replaced;
Bank means the International Commercial Bank of Cathay (Canada);
Borrower, you and your mean each person who signs the mortgage as chargor(s);
CMHC means Canada Mortgage and Housing Corporation;
GEMI means GE Capital Mortgage Insurance Company (Canada);
interest adjustment date means the date specified in the Registered Document;
Lender, we, our and us mean the Bank, as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the Mortgage;
Mortgage or Charge, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms;
principal amount means the amount set out in the Registered Document;
Registered Document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this Mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
Schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in the Registered Document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in subsection 7(1) of the Act are excluded from the Mortgage.

3. OUR LOAN TO YOU

In return for us lending to you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the Mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge your entire interest (including any option or right of first refusal to purchase) in your property for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the Mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the Mortgage and you have complied with all of your other obligations under the Mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the Registered Document. Interest is payable at the frequency set out in the Registered Document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on the interest adjustment date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment or any of these events, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, there may be an interest adjustment amount payable.

5. LOWER THAN PRIME VARIABLE, VARIABLE AND VARIABLE CAP INTEREST RATES (Applicable only to Lower Than Prime Variable, Variable Rate Open and Variable Cap Rate Mortgages)

(a) Interest Rate

The interest rate payable by you specified in the Registered Document is a variable rate per annum equals to:

(i) the Bank's Mortgage Prime Rate as declared from time to time (the "Mortgage Prime Rate") in the case of Variable Rate Open and Variable Cap Rate mortgages, or

(ii) the Lower Than Prime mortgage rate of the Bank as declared from time to time (the "Lower Than Prime Mortgage Rate") in the case of Lower Than Prime variable rate mortgage plus a certain number of percentage points per annum specified in the Registered Document. The interest rate will vary each time there is a change in the Mortgage Prime Rate or the Lower Than Prime Mortgage Rate, as the case may be, without any notice to you. At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is payable monthly, calculated monthly not in advance, and is payable on the loan amount both before and after the balance due date, default and judgment or any of these events, until the loan amount has been paid in full.

(b) How You May Determine the Interest Rate

The Mortgage Prime Rate or the Lower Than Prime Mortgage Rate, as applicable, and the current mortgage rate payable on the loan amount remain in effect until varied as provided under subparagraph 5(a). Within a reasonable time after each change in the Mortgage Prime Rate or the Lower Than Prime Mortgage Rate, as applicable, we may mail to you, at your last known address according to our records, a notice of the changed Mortgage Prime Rate or the Lower Than Prime Mortgage Rate, as applicable, its effective date, the current mortgage rate and its equivalent, calculated semi-annually, not in advance. The interest rate will still vary under subparagraph 5(a) even if we fail to send you such a notice or you fail to receive it. The Mortgage Prime Rate and Lower Than Prime Mortgage Rate in effect at any time are available at any branch of the Bank in Canada.

(c) Deferred Interest

The amount of interest that has accumulated on the loan amount from one regular payment to the next which exceeds the regular loan payment is called "deferred interest". Interest at the current mortgage rate will be charged on the deferred interest from and including such regular payment date. On the next regular payment date, all interest that has accumulated on deferred interest from the previous regular payment date shall be added to and become deferred interest and will itself bear interest from and including the regular payment date at the current mortgage rate. You must pay deferred interest by separate payment as your regular payment will not be applied to such interest. The amount of deferred interest outstanding from time to time may be obtained by contacting us.

(d) Variable Cap Rate (Applicable only to Variable Cap Rate Mortgages)

Although your current mortgage rate will vary as provided for in subparagraph 5(a), during the term of the mortgage, it will never exceed the cap rate specified in the Registered Document.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or any other required payment of the Mortgage, we will charge interest at the rate provided for in the Mortgage (called "compound interest") both before and after the balance due date set out in the Registered Document, default and judgment or any one of these events on all overdue amounts (including interest). You must pay this additional compound interest immediately when we require, both before and after the balance due date, default and judgment or any one of these events.

7. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the Registered

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Document or as we may notify you in writing.

(b) **Interest Adjustment Date**

(i) Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance, at the rate specified in the Registered Document in effect on the date of advance, and at our sole option, which you will pay or we will deduct on the interest adjustment date, or we will deduct from any advance or advances which we make, or we will deduct on the first regular mortgage payment date. If you have a Variable Cap Rate mortgage, interest will be calculated at the lesser of the rate specified in the Registered Document in effect on the date of advance or the cap rate specified in the Registered Document, if any.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the Mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the Mortgage. When more than 30 days elapse between advances, you will pay interest promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the Mortgage will be deducted from the last advance.

(c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates specified in the Registered Document, each in the amount specified in the Registered Document, starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your payment date to any date at the time offered for the applicable term for your type of Mortgage. Should you choose to exercise this privilege, an interest adjustment amount may be payable. You will pay the outstanding balance of the loan amount on the balance due date as set out in the Registered Document.

(d) **Term/Amortization (Applicable only to Lower Than Prime Variable Rate and Variable Rate Mortgages)**

The annual interest rate specified in your Mortgage is subject to variations as set out in here. The principal and interest payment however, is fixed during the term of the Mortgage unless you change it pursuant to the terms of your Mortgage, if applicable. Payments are applied to the current interest on the outstanding principal owing up to the date of such payment and then the balance, if any, to the principal amount. If the annual interest rate increases, a larger portion of the regular payment will be applied to interest and a smaller portion to principal, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate rises above the trigger rate set out in your mortgage disclosure statement, your combined principal and interest payment will no longer cover the interest portion of your Mortgage owing, with the result that the amortization period of the Mortgage may increase. In such an event, you shall be required to increase the amount of your regular principal and interest payment so that the Mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the Mortgage.

(e) **Payment Provisions on Default**

If you fail to make any payment or do not meet any of your other obligations under the Mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis. In such an event, we may require you to pay interest on the loan amount to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 20.

(f) **Bank Account for Payments**

You must maintain an account of a type satisfactory to us with a branch of the Bank in Canada, and provide an authorization in a form satisfactory to us to automatically debit your account for each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization, or closing the account will be considered to be an act of default under the Mortgage. You agree to pay us our administration and processing fees for any actions that we have to take under this paragraph.

8. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the order to pay as follows: a) collection expenses, if any; b) life insurance premiums, if any; c) payments to third parties or amounts that are debited in respect of the Mortgage, including but not limited to taxes; d) to pay interest or reduce the interest (other than deferred interest) on the principal amount accumulated to, but not including, the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the Mortgage, we may apply your payment or any other money we receive from you towards any part of the outstanding loan amount that we choose in our sole discretion. You may pay arrears of interest by separate payment, as your regular payment will not be applied to such interest. You may obtain the amount of interest in arrears from us.

9. YOUR PREPAYMENT RIGHTS (Applicable to All Mortgages)

9.1 If the term of the Mortgage is greater than five years and you are not a corporation, or if this is a CMHC or GEMI insured mortgage which covers a rental housing project as defined in the *National Housing Act* (Canada), you may prepay the outstanding principal amount of the Mortgage at any time after the end of the fifth year of the term, and if so, you agree to pay us the outstanding principal amount and interest to the date of payment and three months' further interest at the rate specified in the Registered Document on the principal amount in lieu of notice.

9.2 If you have a CMHC or GEMI insured fixed rate closed mortgage which does not cover a rental housing project as defined in the *National Housing Act* (Canada) and the term of the Mortgage is greater than three years, you may prepay the principal amount of the Mortgage at any time after the end of the third year of the term, and if so, you agree to pay us the outstanding principal amount and interest to the date of payment and three months' further interest at the rate specified in the Registered Document on the principal amount in lieu of notice.

9.3 If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

9.4 If you have complied with all your obligations under the Mortgage and your property either contains no more than four living units (or no more than three living units if it is a CMHC or GEMI insured Lower Than Prime Variable Rate, Variable Rate Open or Variable Cap Rate mortgage), or is a single residential condominium unit, then you have the following prepayment rights:

(a) Standard Prepayment Privileges

IF YOU HAVE A FIXED RATE CLOSED, A SIX MONTH TERM CONVERTIBLE CLOSED, A LOWER THAN PRIME VARIABLE RATE OR A VARIABLE CAP RATE MORTGAGE:

(i) In each calendar year, you may increase the amount of your regular principal and interest payment without penalty. The total of these increases during the term of your Mortgage may not exceed one hundred percent (100%) of the amount of the original regular mortgage payment payable under the Mortgage. You may also decrease the amount of your regular principal and interest payment, provided that the resulting amortization period does not exceed the original amortization period, less the amount of time that has elapsed since you took out the Mortgage.

(ii) In each calendar year, you may prepay up to 10% of the original principal amount of your Mortgage, without notice, bonus or penalty. Each prepayment will be made on a regular payment date and shall not be less than $100. If you do not use this privilege in a calendar year, you cannot carry forward this privilege of prepayment for that calendar year to any following calendar year. This privilege of prepayment does not apply if you prepay in full the principal amount of your Mortgage. This is so even if you have not used the privilege of prepayment in the calendar year during which the Mortgage is prepaid in full.

(iii) In addition:

(1) **IF YOU HAVE A VARIABLE CAP RATE MORTGAGE**, you may prepay the principal amount of the Mortgage in full or in part without notice upon payment of three months' interest calculated at the cap rate on the amount prepaid.

(2) **IF YOU HAVE A FIXED RATE CLOSED OR A 6-MONTH TERM CONVERTIBLE CLOSED MORTGAGE**, subject to subparagraph 9.2 above for CMHC or GEMI insured mortgages, you may prepay the principal amount of

the Mortgage in full or in part without notice, upon payment of an amount equal to the greater of:

(2.1) three months' interest at the rate specified in the Registered Document, or if renewed or early renewed at the rate for your chosen renewal option, on the amount you prepaid; and

(2.2) the amount, if any, by which interest specified in the Registered Document, or if renewed or early renewed at the rate for your chosen renewal option, exceeds interest at the current reinvestment interest rate, calculated on the amount you prepaid for the remaining term of the Mortgage or renewal term. The "current reinvestment interest rate" at the time of prepayment means the rate at which we would lend to you on the security of a similar mortgage of your property for a term starting on the date of prepayment and ending on the balance due date of the Mortgage.

(3) **IF YOU HAVE A LOWER THAN PRIME VARIABLE RATE MORTGAGE**, you may prepay the principal amount of the Mortgage in full or in part without notice, upon payment of three months' interest calculated at the interest rate that you are paying on the date of prepayment.

(b) **Open Prepayment Privileges**
IF YOU HAVE A FIXED RATE OPEN OR A VARIABLE RATE OPEN MORTGAGE:

You may prepay all or any part of the principal amount (and/or deferred interest if you have a Variable Rate Open mortgage) on any regular mortgage payment date (or at any time if you have a Variable Rate Open mortgage) without notice, bonus or penalty.

You may renew your Mortgage before its term has ended without penalty by personally applying at any branch of the Bank in Canada. Your only payment for this service is our regular administration fee.

10. EARLY RENEWAL (Applicable only to Fixed Rate Open Mortgages)

(a) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no right of early renewal.

(b) If you have complied with all your obligations under the Mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the Mortgage before the balance due date set out in the Registered Document. You must apply in person to use this right of early renewal at any branch of the Bank in Canada. You will be able to renew the Mortgage by selecting from the mortgage options and programs that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement/early renewal agreement acceptable to us which will contain all amended terms, conditions and provisions of the Mortgage. The interest rate payable by you will be our interest rate for the mortgage option and/or program you select in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any processing or administration fees to early renew, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

11. DESIGNATED AMOUNT (Applicable only to Lower Than Prime Variable Rate, Variable Rate Open and Variable Cap Rate Mortgages)

(a) "Designated Amount" shall mean the *lesser* of:

(i) the original principal amount; and

(ii) (1) if you have a conventional mortgage – 75% or such lesser percentage as we determine in our sole discretion of the fair market value of your property as established by an up-to-date appraisal report of your property which either we may obtain, at your expense, from a real estate appraiser selected by us (who may be an employee of ours) or which you select, provided that your selection of such a real estate appraiser is first approved in writing by us; or

(2) if you have a CMHC or GEMI insured mortgage – the *lesser* of:
(2.1)90% for Lower Than Prime Variable Rate and Variable Rate Open mortgages (95% for Variable Cap Rate mortgages) of the lesser of the appraised value or purchase price of your property, plus the CMHC or GEMI insurance premium; and

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(2.2)105% of the original balance of the Mortgage including the CMHC or GEMI insurance premium.

(b) If the loan amount exceeds the Designated Amount, you shall be required to take one of the following actions:

(i) increase the amount of each regular payment under the mortgage in order to amortize the Mortgage over the remaining amortization period;

(ii) reduce the total amount of the loan amount then owing by making a lump sum payment sufficient to reduce such total amount to a point below the Designated Amount; or

(iii) convert the Mortgage to a fixed rate mortgage having equal monthly payments.

If you are unable to do any one of (i), (ii) or (iii) above, then in our sole discretion, the Mortgage will immediately become due and payable.

12. CONVERTIBILITY (Applicable only to 6-Month Term Convertible Closed, Lower Than Prime Variable Rate, Variable Rate Open and Variable Cap Rate Mortgages)

(a) If you have complied with all your obligations under the Mortgage, you may convert the Mortgage to a fixed rate mortgage with the interest rate and containing the terms and provisions that are offered by us to you at the time of conversion. The following conditions also apply:

(i) **IF YOU HAVE A 6-MONTH TERM CONVERTIBLE CLOSED MORTGAGE,** your property must contain no more than four living units (unless it is a single residential condominium unit) and the Mortgage must be converted to a fixed rate closed mortgage having a term of one year or greater, or a five year term Variable Cap Rate mortgage, or a five year term Lower Than Prime variable rate mortgage; or

(ii) **IF YOU HAVE A VARIABLE CAP RATE MORTGAGE,** you must pay three months' interest on the principal outstanding at the time of conversion calculated at the cap rate; or

(iii) **IF YOU HAVE A LOWER THAN PRIME VARIABLE RATE MORTGAGE,** you must convert to a fixed rate mortgage having a term of three years of greater.

(b) You must apply to use this right of conversion in person at any branch of the Bank in Canada. You will be able to convert the Mortgage by selecting from the mortgage options and programs that we offer at the time you apply for conversion and you must sign our mortgage amending agreement which will contain all amended terms, conditions and provisions of the Mortgage. The interest rate payable by you will be our interest rate for the mortgage option and/or program you select in effect at the date that you sign the mortgage amending agreement. You agree to pay us any processing or administration fees in connection with the conversion, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the conversion documentation and its registration.

(c) Once the Mortgage has been converted, the prepayment privileges of the Mortgage will no longer apply and the prepayment privileges, if any, will be contained in the conversion documentation.

13. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the Mortgage, will pay property taxes assessed against your property in full and on time and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property, other than those encumbrances as disclosed to us in writing and accepted by us in writing;

(iii) you have the right to give us the mortgage,

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the relevant land registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

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(1) no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

(2) no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit must be satisfactory to us, but such audit does not relieve you from your obligations under this subparagraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we may take possession of your property without any encumbrances or interference; and

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given to us and that you have a good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the Mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his or her consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the relevant land registry office and except for building and zoning by-laws, with which you and your landlord have complied with;

(v) you will pay rents and other payments required by the lease as they become due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property on the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this subparagraph as you already have under the other provisions of the Mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, particularly those referred to in subparagraph 25(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 25 and, in particular, under subparagraph 25(a)(iv); and

(xv) we may remove you or any other person as trustee of the trust referred to in subparagraph 13(b)(xiii) and appoint a new trustee or trustees.

14. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us, and if you do not pay them, we will add them to the loan amount and will bear interest at the rate specified in the Registered Document. Your refusal and/or failure to pay our expenses herein will be considered an act of default under your Mortgage, and in our sole discretion, the Mortgage will immediately become due and payable.

15. INSURANCE (Paragraph 15 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their full replacement value in Canadian dollars until the Mortgage has been discharged. The risks that you must insure against include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property, then you must also insure and keep insured, until the Mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and must contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money that we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the rate specified in the Registered Document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, in our sole discretion, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

16. PROPERTY TAXES

(a) "Taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the Mortgage any amount we feel necessary to pay current or future taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax instalment calculated as below, based on our estimation of the annual taxes that will be payable for the year following such regular mortgage payment date. The amount of each tax instalment shall be:

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(i) if the payments of the principal and interest are weekly:
estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly:
estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly:
estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly:
estimated annual taxes x 1/12

(d) if you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in subparagraph 16(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand, and if you do not pay them, we will add them to the loan amount, and they will bear interest at the rate specified in the Registered Document. Your refusal and/or failure to pay any taxes will be considered an act of default under the Mortgage, and in our sole discretion, the Mortgage will immediately become due and payable.

(e) You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys that you send us under this paragraph 16 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the Mortgage, we may if we wish, apply any moneys that we receive under this paragraph 16 to any portion of the loan amount.

(f) Notwithstanding the provisions of this paragraph 16, we may in our sole discretion choose not to require payment of taxes to us, in which case you will be responsible to pay all taxes on your property. You will provide us by the end of each calendar year with receipted tax bills to prove that all of your taxes have been fully paid. If, for any reason, you do not pay the taxes when required, then subparagraphs 16(a) through (d) will apply.

17. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything that lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow to be done, anything which lowers its value or do not comply with any of your obligations under this paragraph, then we can make whatever repairs that are necessary in our opinion. The costs of repairs and of any inspections are payable by you immediately, and if not paid, will be added to the loan amount and will bear interest at the rate specified in the Registered Document. Your refusal and/or failure to pay any costs of repairs and/or inspections will be considered an act of default under your Mortgage, and in our sole discretion, the Mortgage will immediately become due and payable.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

18. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the Registered Document, then we do not have to do so. This applies even if the Mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Nevertheless, you have charged your property to us and you will pay to us, on demand, all of our costs and expenses, including legal costs on a full indemnity basis, for investigating title to your property and for registering the Mortgage.

19. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises, you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without first obtaining our written approval, which we may refuse to provide in our sole discretion.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future,

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all rents payable under such leases and agreements, and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If in the future, you lease any part of your property to another person or persons with our prior written approval then, upon our request, you will:

  (i) execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may in our sole discretion, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and

  (ii) give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees on a full indemnity basis and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 19, then in our sole discretion the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 19 will put us in possession of your property and we are not obligated to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our prior written approval shall be deemed to have been done for the purpose of discouraging us from taking possession of your property in the event that you are not complying with any of your obligations under the Mortgage or adversely affecting the value of our interest in your property within the meaning of subsection 52(1) of the *Mortgages Act* (Ontario), as amended or replaced.

20. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will in our sole discretion immediately become due and payable if:

(a) you do not make any payment required by the Mortgage;

(b) you do not comply with any of your other obligations under the Mortgage;

(c) we discover that any statement, certification, representation or agreement that you have given or made to us in applying for the loan or in the mortgage (including but not limited to those contained in paragraph 13) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any of your particular default, but if we do so, we are not forgiving any other existing default or any default or defaults that may occur in the future.

21. BUILDING MORTGAGE

If the Mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications that we have given our prior written approval and to complete the improvement as quickly as possible.

Subject to paragraph 18, we may make advances to you under the Mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this Mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act* (Ontario), as amended or replaced, have been complied with. You authorize us to give information about the Mortgage to anyone who claims a construction lien on your property.

22. RELEASING YOUR LAND FROM THE MORTGAGE

In our sole discretion, we may release our interest under the Mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money that we actually receive. If we release our interest under the Mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the Mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

23. RENEWING OR AMENDING THE MORTGAGE (This paragraph is important to all persons having subsequent interests)

In our sole discretion, the Mortgage may from time to time be renewed, extended or amended by written agreement between you and the Bank. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the Mortgage, as renewed or amended, over any other instrument registered after the Mortgage, whether or not there are any other instruments registered on title to your property after the Mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any Borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

24. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary in our sole discretion, pay off any encumbrance, claim or lien, registered or unregistered, that has priority over the Mortgage. Also, we can pay all expenses that we incur in collecting any payment under the Mortgage that you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses. Otherwise, all such payments and expenses will be added to the loan amount and will bear interest at the rate specified in the Registered Document. Your refusal and/or failure to pay such payments and expenses will be considered an act of default under the Mortgage, and in our sole discretion, the Mortgage will immediately become due and payable.

If you are a tenant or lessee under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses that we incur in so doing.

If you do not comply with any of your obligations under the Mortgage, we can, but are not obligated to, perform those obligations. Where you are a tenant or lessee of your property and you refuse and/or fail to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the Mortgage. You must immediately reimburse us for all payments that we have to make and costs that we incur in taking these steps.

Any payments we make under the Mortgage will be added to the loan amount and will bear interest at the rate specified in the Registered Document from the date we pay them. Any interest which accrues as a result of changes you request to the frequency of payments or to the regular payment date will be paid by you or added to the loan amount and will bear interest at the rate specified in the Registered Document.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the Mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

25. ENFORCING OUR RIGHTS

(a) **Remedies** – if you do not make any required payment under the Mortgage or do not comply with any of your other obligations under the Mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** – We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or sale** – We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease your property** – If your default continues for 15 days, we may on 15 days notice to you, enter on and lease your property; if your default continues for 30 days, we may without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of sale** – If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the *Mortgages Act* (Ontario), as amended or replaced, enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction, and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on your property**– We may enter on your property at any time permitted by law, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount and will bear interest at the rate specified in the Registered Document.

(vi) **Appoint a receiver** – We may by written appointment appoint a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you will solely be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the Mortgage in good standing; pay interest owing under the Mortgage; and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure any defaults** – We may cure any defaults under the Mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-interference** – if, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** – All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a full indemnity basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the Mortgage, and a reasonable allowance for the time and services of the Bank and its employees.

(d) **Delay in Enforcement** – Our rights will not be affected if we delay in enforcing any of our rights under the Mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the Mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the Mortgage, we are not obligated to accept any subsequent payment unless you also give us interest to the date of such subsequent payment.

(e) **Judgments** – If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the Mortgage, including our right to receive interest as required by the mortgage.

26. **CONDOMINIUM (If your property is a condominium unit, you must also comply with Paragraph 26 in addition to all other provisions of the Mortgage. You do not however have to comply with paragraph 15.)**

The corporation created by the registration of a declaration under the *Condominium Act, 1998* (Ontario), as amended or replaced, is called the "condominium corporation".

(a) **Compliance with the *Condominium Act etc.*** – You will comply with the *Condominium Act, 1998* and all other applicable statutes, and with the declarations, by-laws, rules and regulations of the condominium corporation (the "condominium documents") as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** – You will pay all amounts required by the *Condominium Act, 1998* and the condominium documents on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments that you are obligated to make, we may do so on your behalf and you will be in default under the Mortgage.

(c) **Notices and Demands** – You will mail to us by prepaid registered mail or deliver to us copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** –

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act, 1998* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act, 1998* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - In our sole discretion, the loan amount will immediately become due and payable if:

(i) the government of the property of the condominium corporation under the *Condominium Act, 1998* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act, 1998* or with the condominium documents;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement value;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good condition and state of repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and according to any additional requirements that we may require, or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** – Under the *Condominium Act, 1998*, the condominium corporation must obtain appropriate insurance. In addition, you must also insure all improvements that have been made to your property against loss or damage by fire and against such additional risks as we may require. We must first approve in writing the insurance company or companies that you select. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us, and if you or the condominium corporation or both fail to keep the required insurance or to provide us with evidence of its renewal at least fifteen days before the termination of any insurance, we are entitled but not obligated to insure the property. In such an event, we will add the amount we pay to insure the property to the loan amount and such amount will bear interest at the rate specified in the Registered Document. Moreover, upon our request, you will promptly provide us with certified copies of every insurance policy covering the property. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the condominium documents. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the condominium documents and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

27. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount, in our sole discretion, will immediately become due and payable in full. Any payment that we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the Mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(a) we give our prior written approval to you to transfer your property;

(b) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(c) you provide us with proof of registration of a Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

28. ASSUMPTION

If you are not the original Borrower, you agree to be bound by all obligations of the original Borrower under the Mortgage.

29. INSPECTION

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents, have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may at any time before or after default, enter on and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GEMI and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

30. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

31. GUARANTEE

In return for us having made a loan to the Borrower (which in the Mortgage includes the Borrower's successors and assigns), each person who signs the Mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the Mortgage and to observe and perform all other obligations of the Borrower under the Mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the Borrower and with each other for complying with all obligations under the Mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the Mortgage and generally deal with all matters affecting the Mortgage and the obligations of the Borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the Borrower, and all obligations of any guarantor shall also

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be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the Borrower or any guarantor.

32. RESERVATION OF RIGHTS

You understand and agree that any material change in the conditions of the Mortgage, such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the Mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your Mortgage, we will register the discharge on your behalf and at your expense and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay us, when due, our administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, statements for information purposes, any fees referred to in subparagraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your Mortgage, and to add any unpaid fees to the loan amount, which will bear interest at the rate specified in the Registered Document. The amount of such fees in effect at any particular time is available from any branch of the Bank in Canada.

35. PORTABILITY

If you have complied with all your obligations under the Mortgage, upon your written application, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 120 days of such sale, we will provide financing for your purchase on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

(a) on the date of completion of the sale of the property, the loan amount is prepaid in full, and the prepayment of the principal amount outstanding under the Mortgage will be subject to the prepayment provisions described in here that apply to the Mortgage. However, provided the new mortgage is advanced within the 120 day period following prepayment of the Mortgage, we will, subject to subparagraph (c) below, refund to you the amount of any penalty interest paid in respect of this prepayment;

(b) if the principal amount of the new mortgage (the "new mortgage amount") is the same as the principal amount outstanding under the Mortgage at the date of prepayment, the mortgage interest rate will apply to the new mortgage for the period of time equivalent to the time from the prepayment date of the Mortgage to its maturity date (the "remaining term");

(c) if the new mortgage amount is less than the principal amount outstanding under the Mortgage at the date of prepayment, the mortgage interest rate will apply to the new mortgage for the period of time equivalent to the remaining term of the Mortgage, and the penalty interest paid on the amount by which such principal amount outstanding exceeds the new mortgage amount on the date of prepayment will not be refunded to you pursuant to subparagraph (a) above;

(d) if the new mortgage amount exceeds the principal amount outstanding under the Mortgage at the date of prepayment, the new mortgage interest rate will be a rate of interest that blends (i) the mortgage interest rate; and (ii) the rate of interest we offer at that time for a similar type of mortgage with a term similar to the remaining term of the Mortgage. The term of the new mortgage will be for a period equivalent to the remaining term of the Mortgage. The new mortgage that will be registered on title will secure the higher principal amount of the new mortgage; and

(e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or GEMI mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees and other expenses incurred in connection with the new mortgage.

36. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when

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applying for the loan secured by the Mortgage, and the statements made in the Registered Document, were and are completely truthful and accurate under Part II of the *Family Law Act* (Ontario), as amended or replaced.

37. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

38. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the Mortgage with respect to any statutory right of prepayment, the date of the Mortgage will be deemed to be the interest adjustment date set out in the Registered Document.

39. ONTARIO NEW HOME WARRANTY PLAN ACT

If the *Ontario New Home Warranty Plan Act* (Ontario), as amended or replaced, applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

40. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the Mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The Mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the Mortgage.

If more than one person signs the Mortgage as Borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the Mortgage. If any Borrower or guarantor is female or a corporation, then the Mortgage will be read with all necessary grammatical changes.

41. PARTIAL INVALIDITY

If any provision of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

42. PARAGRAPH HEADINGS

Headings in the Mortgage do not form part of the Mortgage but are used only for ease of reference.

43. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act* (Canada).

44. MAKING MATERIAL CHANGE

Any agreement to make material changes to the mortgage terms and conditions, including but not limited to any extension of the time for payments, changes in the interest rate or renewals or extensions of the term of the Mortgage, will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

DATED at Toronto this 21st day of January, 2003.

SUN & PARTNERS
Per:

Jimmy K. Sun
Solicitors for International Commercial Bank of Cathay (Canada)

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Filing Date Jan. 27, 2003 Date de Dépôt
Page 1 of/de Ten (10) Pages
DIRECTOR OF LAND REGISTRATION (A)
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

CIBC

LAND REGISTRATION REFORM ACT, 1990
SET OF STANDARD CHARGE TERMS
CIBC CONSUMER GENERAL COLLATERAL CHARGE/MORTGAGE

Filed by: Canadian Imperial Bank of Commerce
Filing No.: 200303
Filing Date: January 27, 2003.

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions.

1. DEFINITIONS

In this set of standard charge terms:
Act means the *Land Registration Reform Act* (Ontario), as amended or replaced from time to time;
Agreement(s) means any one or all present and future agreements, notes, guarantees, indemnities and other documents between you and us which relate to the Indebtedness and includes any agreement which replaces or supplements any such agreement;
Amount Secured means the total of (i) the Principal Amount, (ii) interest on the Principal Amount at the Interest Rate, (iii) interest on unpaid interest and unpaid Costs at the Interest Rate, and (iv) Costs;
Condominium Act means the *Condominium Act* (Ontario), as amended or replaced from time to time;
Condominium Corporation means the condominium corporation created by the registration of a Declaration in respect of the Property under the *Condominium Act;*
Costs means all amounts (other than the Principal Amount and interest) that you must pay under this Mortgage or under any of the Agreements, including, without limitation, interest at the Interest Rate on such amounts;
Declaration means the declaration (as amended or replaced from time to time) which, together with a description, was registered under the *Condominium Act* to create the Condominium Corporation;
Event of Default means any of the events or circumstances listed in section 15;
Hazardous Substances means any substance or mixture of substances which are or may be detrimental to the environment or human health including without limitation all substances, chemicals or materials, declared to be hazardous or toxic under any law, by-law, regulation or ordinance enacted or promulgated by any legislative, governmental or regulatory body having jurisdiction over the Property;
Indebtedness means the amount you owe us and includes the aggregate of all your present and future indebtedness and liabilities to us (direct or indirect, absolute or contingent, matured or not, wheresoever and howsoever incurred, whether incurred as principal or surety, whether incurred alone or with another or others, and whether arising from dealings between us and you or from other dealings or proceedings by which we may become your creditor) including without limitation the outstanding balance of the Principal Amount advanced to you from time to time, interest thereon at the Interest Rate and all your other present and future indebtedness and liabilities to us payable under or in connection with one or more of the Agreements and this Mortgage;
Interest Adjustment Date means the interest adjustment date specified in the Registered Document, and if none is specified, then the date this Mortgage is signed;
Interest Rate means the interest rate specified in the Registered Document;
Lien means any mortgage, charge, lien, assignment, security interest, execution, attachment or other encumbrance (whether given by statute or otherwise);
Mortgage means the Registered Document and this set of standard charge terms;
Prime Rate means the variable reference rate of interest per year declared by us from time to time to be our prime rate for Canadian dollar loans made by us in Canada;
Principal Amount means the principal amount set out in the Registered Document;
Property means the land described in the Registered Document, as well as all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the Property is a condominium unit, "Property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to the "Property" mean all or any part of it;
Registered Document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this Mortgage, and any Schedules attached to it, or, for the electronic registration system, the Mortgage prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
Schedule means any schedule attached to the Form 2 Charge/Mortgage of Land;
Taxes means all taxes, rates and assessments of any nature or kind, including, without limitation, real property taxes, local improvement rates, school taxes, development charges and levies and any taxes or duties levied in lieu of or in substitution for any of the foregoing and interest and penalties on any of them;
we, our and **us** mean **Canadian Imperial Bank of Commerce** as mortgagee; and
you and **your** mean each person who signs the Mortgage as mortgagor(s).

2. GIVING THIS MORTGAGE

By signing the Registered Document you have charged your entire interest (both present and future) in the Property to us as collateral security for payment of the Indebtedness and performance of all of your obligations under this Mortgage and the Agreements.

3. INTEREST RATE

The Interest Rate you will pay on any part of the Indebtedness will be the interest rate specified in the relevant Agreement which relates to that part of the Indebtedness. Interest will be calculated as set out in the relevant Agreement or, if not set out, will be calculated and compounded monthly, with interest on overdue interest at the same rate. If no interest rate is specified in the relevant Agreement, you will pay interest on such part of the Indebtedness at the Interest Rate. Interest is payable both before and after demand and both before and after default and judgment.

This Mortgage may secure two or more different obligations to us. The interest rates and the other terms of each of the obligations set out in the Agreements are not changed or otherwise affected as a result of you giving us this Mortgage.

4. MAXIMUM AMOUNT SECURED

The maximum amount secured under this Mortgage is the Amount Secured, even if the Indebtedness exceeds that amount.

5. PAYMENT

(a) Demand

You will pay us the Indebtedness on demand. Unless we have a right to demand repayment under any of the Agreements or under this Mortgage or an Event of Default has occurred, we will not demand repayment.

A demand for repayment will be made either by delivering the demand to you personally or mailing it (by first class mail) to what our records show to be your most recent address. YOU WILL BE CONSIDERED TO HAVE RECEIVED OUR DEMAND LETTER ON THE EARLIER OF DATE OF DELIVERY OR THE FIFTH DAY AFTER MAILING.

(b) Application of Monies Received

We may apply any money that we receive to reduce your Indebtedness as we see fit (unless you and we sign an Agreement to the contrary). If the Indebtedness exceeds the Amount Secured, we may decide what part of the Indebtedness is secured by this Mortgage.

(c) Prepayment

You may only prepay a part of the Indebtedness if permitted and then only in the manner contemplated by the Agreement which relates to that part of the Indebtedness.

6. CONTINUING SECURITY

This Mortgage is continuing collateral security for the Indebtedness. This Mortgage is not affected by: (a) any change in the amount, nature or form of the Indebtedness; (b) any change in any accounts relating to the Indebtedness; (c) any change in any of the Agreements; or (d) the reduction of the Indebtedness to zero at any particular time. This Mortgage will not be considered to have been discharged or redeemed as a result of any of the events listed above.

7. NO OBLIGATIONS TO ADVANCE

We may, for any reason, decide not to advance any money (or any more money) under this Mortgage or pursuant to any of the Agreements. This applies whether or not the Mortgage has been signed and registered and whether or not any money has previously been advanced.

8. ADDITIONAL SECURITY, JUDGMENTS

This Mortgage is in addition to and does not replace any other security that we may hold (now or later) for any of the Indebtedness.

If we obtain judgment against you, we will be able to rely upon our rights under both the judgment and this Mortgage. The judgment will not affect any other security we may have. We will be entitled to interest on any judgment at the Interest Rate until we are fully paid.

You giving us this Mortgage does not prevent us from using any other means to obtain repayment of the Indebtedness.

9. RELEASING THE PROPERTY, SUBDIVISION, EXPROPRIATION

We may, in our absolute discretion, release our interest under this Mortgage in all or any part of the Property, whether or not we receive any value for doing so, and we will be accountable to you only for money we actually receive. If we release our interest in part of the Property for any reason, the remainder of the Property will continue to secure the Indebtedness (in an amount not exceeding the Amount Secured), and your obligations, and those of any guarantor, under this Mortgage will continue.

If the Property is subdivided, each part of the Property will secure all of the Indebtedness.

If the entire Property is expropriated, the Indebtedness will immediately become due and payable together with loss of interest. If only part of the Property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will apply it to the Indebtedness. If, in our opinion, the remainder of the Property does not constitute adequate security for the Indebtedness, then the Indebtedness, or such part of the Indebtedness as we determine, will immediately become due and payable together with loss of interest.

10. CHANGES, EXTENSIONS OF TIME

We may vary your credit, grant extensions of time, take and give up any security we hold, and otherwise deal with you and others (including any guarantors) and with any security we hold as we may see fit without affecting any of our rights, whether under this Mortgage, the Agreements or otherwise, or your liability under this Mortgage or the Agreements, or your liability to pay the Indebtedness.

We may delay in enforcing any rights under this Mortgage without affecting those rights. We may waive any breach of your obligations without affecting our rights in connection with any other existing or subsequent breach. Any waiver of rights by us must, however, be signed by two of our authorized signing officers.

You will continue to be obligated under this Mortgage despite any transfer of the Property or amendment of this Mortgage or the Agreements.

11. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

- (i) you will pay the Indebtedness as required by the Mortgage and the Agreements, will pay Taxes relating to or arising from the Property to us or the tax office as applicable and will comply with all other obligations under the Mortgage;
- (ii) unless you are the tenant or lessee of the Property, you are the lawful owner of the Property in fee simple and there are no Liens or claims affecting title to the Property except ones approved by us in writing;
- (iii) you have the right to give us the Mortgage;
- (iv) there are no limitations affecting title to your interest in the Property except for any restrictions registered in the land registry office where the Mortgage is registered and except for building and zoning by-laws, with which you have complied;
- (v) to the best of your knowledge and belief, after reasonable enquiry and investigation:
    - A. no part of the Property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any Hazardous Substances except in compliance with all laws, regulations and orders and only then, if you have given us prior notice of such intended use and we have approved such intended use in writing; and
    - B. no part of the Property contains, has ever contained or will in the future contain any Hazardous Substances which may lower the value of or adversely affect the marketability of the Property.

    We may (but are not obligated to) require you, at your expense, from time to time, to obtain an environmental audit of all or any part of the Property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this section. Should the Property be found to contain any Hazardous Substances howsoever caused or from any source you will, at your sole expense, immediately carry out all work required to remove the Hazardous Substances from the Property and repair the damage to the Property in accordance with plans and proposals which have been prepared in consultation with us and have received our prior written approval. When all such work is complete you will provide us with confirmation of completion, in whatever form we request. If you fail to comply with any of your obligations under this section 11(a)(v) you agree that we may, but are not required to, undertake all or any part of the work we feel is necessary at your sole expense. You will indemnify us against any and all actions, claims, costs and demands relating to Hazardous Substances on the Property and any breach of your obligations under this section 11(a)(v);
- (vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in the Property has been fully charged to us and that the Indebtedness is adequately secured;
- (vii) if you default in any of your obligations under the Mortgage, we may, at our option, take possession of the Property free from all Liens and claims except for ones approved by us in writing; and
- (viii) you will take any action necessary to protect your title to the Property, and will not in any way interfere with our interest in the Property.

(b) If you are a tenant or lessee of the Property, you also certify and agree with us that:

- (i) the Property is leased to you under a valid lease, a copy of which you have given us, that you have good leasehold title to the Property and there are no Liens or claims affecting title to the Property except ones approved by us in writing;
- (ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you signed the Mortgage;
- (iii) your landlord or lessor has consented to you giving us this Mortgage, or you have the right to charge your interest in the lease to us without consent;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land registry office where the Mortgage is registered and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and all other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive or give relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in the Property and in the lease has been fully charged to us and that the Indebtedness is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold the Property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the Mortgage, particularly those referred to in section 16(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the Property and for that person's legal and personal representatives and successors. We may remove you or any other person as trustee of the trust referred to herein and appoint a new trustee or trustees; and

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the Property as we may require to perfect any sale we may make under section 16 and, in particular, under section 16(a)(iv).

12. THE PROPERTY

(a) Insurance

You must insure and keep insured all buildings, structures, fixtures and improvements on the Property for not less than their guaranteed replacement value in Canadian dollars until the Mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on the Property then you must also insure and keep insured, until the Mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable first to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 30 days before any policy expires, provide evidence of its renewal.

We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money, which we pay for insurance, will be immediately payable by you to us or added to the Indebtedness if not so paid and bear interest at the Interest Rate.

If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the Mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be used to repair or rebuild the Property, be paid to you to be used by you to repair or rebuild the Property or be used to reduce any part of the Indebtedness, whether due or not, and including an amount to compensate us for loss of interest.

(b) Repair and Inspection

You must keep the Property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of the Property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of the Property.

If, in our opinion, you do not keep the Property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this section, then we can make whatever repairs and replacements are, in our opinion, necessary. The costs of such repairs and replacements and of any inspections are payable by you immediately and if not paid, will be added to the Indebtedness.

You authorize us to enter the Property at all reasonable times to inspect and repair, but this does not obligate us to make any repairs and we will not become a mortgagee in possession by exercising these rights.

(c) **Demolition and Improvements**

You agree not to demolish any building or structure or part of any building or structure on the Property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to the Property without first obtaining our written approval to your proposed plans and specifications. If our consent is obtained, all alterations, additions and improvements will be completed in accordance with the plans and specifications so approved. We may make advances to you under this Mortgage based on the progress in completing the improvements. Any improvements will form part of the Property and be charged by this Mortgage.

The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to the Property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks unless we at our sole option elect to do so. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the Indebtedness.

(d) **Payment of Taxes and Claims**

(i) Before or on the Interest Adjustment Date, we may withhold from any advance under the Mortgage any amount we feel necessary to pay or to anticipate future payments of Taxes.

(ii) After the Interest Adjustment Date, you agree to pay to us, if we so request, periodic payments on account of Taxes, based on the estimated annual Taxes and anticipated future payments of Taxes (as determined by us) that will be payable for the year following.

(iii) If we exercise our options under subsections (i) and/or (ii) of this section 12(d) and the Taxes on the Property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to Taxes as soon as you receive them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the Indebtedness. We do not have to hold any moneys which you send us under this section in trust, nor pay interest on them, nor apply them to pay Taxes more than once a year. If you do not comply with any of your obligations under the Mortgage, we may, if we wish, apply any moneys which we have received under this section to any portion of the Indebtedness.

(iv) Notwithstanding the provisions of this section we may, at our option, choose not to require payment of Taxes to us, in which case you will be responsible for payment of all Taxes on the Property. You will provide us with all the receipted tax bills by the end of each calendar year, failing which you will repay to us the cost of obtaining such receipts and, if not paid, we will be add such cost to the Indebtedness. If, for any reason, you do not pay the Taxes when required, then subsections (i) to (iii) above will apply, at our option.

(e) **Selling the Property**

If you sell or transfer the Property then, at our option, you will immediately pay the Indebtedness to us even if one or more of the Agreements do not contemplate immediate payment. If we do not require such payment, our rights against you or anyone else who is liable are not affected.

13. CONDOMINIUM

If the Property is a condominium unit, you must also comply with the following in addition to all other provisions of the Mortgage. You do not, however, have to comply with section 12(a).

(a) **Compliance with the *Condominium Act*, etc.** - You will comply with the *Condominium Act* and with the Declaration, by-laws and rules and regulations of the Condominium Corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the *Condominium Act* and by the Declaration and by-laws of the Condominium Corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf, add such amounts to the Indebtedness and you will be in default under the Mortgage.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the Condominium Corporation so that we receive them at least five days before any claim or demand is payable or, in the case of other communications, within five days of the date you receive them.

(d) **Voting Rights** -

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act*, to vote at any meeting of the Condominium Corporation, and to consent to any matter relevant to the management, sale or other dealings with the Property or assets of the Condominium Corporation or the termination of the application of the *Condominium Act* to the Condominium Corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the Condominium Corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time only or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Indebtedness** - At our option, the Indebtedness will become payable immediately if:

(i) government of the property of the Condominium Corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the Condominium Corporation or of a part of its common elements;

(iii) the Condominium Corporation fails to comply with the *Condominium Act*, Declaration, by-laws or rules and regulations;

(iv) the Condominium Corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the Condominium Corporation fails, in our opinion, to manage or cause to be managed the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the Condominium Corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the *Condominium Act*, the Condominium Corporation must obtain appropriate insurance. In addition, you must insure all improvements, which at any time have been made to the Property, against loss or damage by fire and, as well, against such additional risks as we may require. We have the right to approve the insurance company or companies. You and the Condominium Corporation or both, assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the Condominium Corporation or both fail to keep the buildings and improvements insured or provide us at least 15 days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. Any premiums or sums of money, which we pay for insurance, will be immediately payable by you to us or added to the Indebtedness if not so paid and bear interest at the Interest Rate. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our option, in whole or in part be applied to repair the damage, be paid to you to repair the damage or be applied to reduce any part of the Indebtedness whether or not yet due.

The obligation to insure may be performed by the Condominium Corporation and the proceeds of insurance may be payable in accordance with the Declaration and by-laws of the Condominium Corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the Declaration and by-laws and that, as a member of the Condominium Corporation, you will insist that the Condominium Corporation fully complies with these terms.

14. EXPENSES AND INTEREST

You will immediately repay us on demand for all the Costs (including lawyers' fees and disbursements) that we incur relating to this Mortgage or any of the Agreements (whether or not any money is advanced under this Mortgage or any of the Agreements) including without limitation all fees incurred in:

(a) investigating title to the Property, preparing, signing and registering this Mortgage and any other related documents; and

(b) appraising, inspecting, protecting, repairing, insuring, enforcing any of our remedies including taking and keeping possession of the Property, preparing it for sale or lease, selling or leasing it, legal (including lawyers' fees and disbursements on a solicitor and client basis) and agents' expenses, any other expenses of exercising or protecting our rights and a reasonable allowance for the time and services of our employees.

You will pay interest, at the Interest Rate, on such amounts and expenses from the date they are paid by us until you repay them.

15. DEFAULT

In addition to our other rights under this Mortgage and the Agreements, and without affecting our right to demand payment in any other circumstance, we will not demand payment under section 5 unless one of the following events occurs:

(a) you do not pay when due any of the Indebtedness or any other amount payable to us;

(b) you do not observe or perform any provision or obligation contained in this Mortgage or in any of the Agreements;

(c) you do not pay when due any indebtedness for money borrowed from anyone other than us;

(d) any statement that you have made or given to us (or later make or give to us) relating to the Property, this Mortgage, the Agreements, the Indebtedness or your financial situation was or is untrue at the time it was or is made;

(e) any Lien or notice of Lien is registered against the Property without our prior written consent;

(f) you sell, transfer, lease or otherwise deal with the Property or allow the Property to remain or become vacant or abandon the Property or the present use of the Property changes to some other use (in whole or in part) without our prior written consent;

(g) if you are a corporation, there is a change in effective control or any order is made or resolution passed for winding-up, liquidation or other dissolution; if you are a partnership, there is a change in membership or a dissolution;

(h) you become insolvent, you declare bankruptcy, you make a proposal in bankruptcy, you make an assignment for the benefit of creditors, or any proceedings are instituted by or against you seeking to adjudicate you a bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of you or your debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for you or for any of your property, or you are declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed to you or in respect of all or any part of the Property; or

(i) power of sale or foreclosure proceedings are commenced against all or any part of the Property.

16. REMEDIES ON DEFAULT

(a) **Remedies** - If you do not make any payment when required under the Mortgage or do not comply with any of your other obligations under the Mortgage or in case of any of the events of default specified in section 15, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the Indebtedness.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to the Property. If we obtain a final order of foreclosure from the court, the Property will belong to us. We may also ask the court to order the sale of the Property under its supervision. If the amount we receive from the sale of the Property is less than the Indebtedness, you must pay us the difference.

(iii) **Lease the Property; Assign Rents** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease the Property; if your default continues for 30 days we may, without notice to you, enter on and lease the Property. You assign to us all rents from the Property, this assignment becoming effective upon the occurrence of an Event of Default. We may cancel or amend any lease or lease again, as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any lease to reduce any part of the Indebtedness. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the Indebtedness in full, you must pay us the difference.

(iv) **Power of Sale** - If your default continues for 15 days' we may, on at least 35 days' written notice to you as required by Part III of the *Mortgages Act* (Ontario) enter on and sell the Property or any part of the Property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may cancel or amend any contract of sale and sell or adjourn any such sale from time to time, all as we think reasonable, without being responsible for any resulting loss. We may apply the net proceeds of any sale to reduce any part of the Indebtedness. We will only be accountable for net proceeds when we have actually received them. If the net proceeds do not pay the Indebtedness in full, you must pay us the difference.

(v) **Enter on the Property** - We can enter on the Property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the Indebtedness. We may lease or sell the Property without actually entering into possession. We will not be considered to be a mortgagee in possession unless we actually take possession of the Property. While in possession, we will only be accountable for money actually received.

(vi) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from the Property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the Mortgage to collect the income from the Property, take possession of the whole or part of the Property, manage the Property and keep it in good condition. From the income collected, the receiver will pay all rents, Taxes, insurance premiums and other expenses required to keep the Property in good condition; pay his own commission as receiver; pay all amounts required to keep any Lien ranking in priority to the Mortgage in good standing; pay interest owing under the Mortgage: and pay all or any part of the Indebtedness whether it is due or not.

(vii) **Cure Any Defaults** - We can cure any defaults under the Mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of the province in which the Property is located and of Canada.

(b) **Non-interference** - If, in enforcing our remedies, we take possession of the Property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom the Property may be leased or sold, and you will not make any claim against any person to whom the Property may be leased or sold.

(c) **Delay in Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the Mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the Indebtedness if you are in default and require any other person, including a guarantor, who has obligations to us under the Mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the Mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(d) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the Mortgage, including our right to receive interest as required by the Mortgage.

17. DISCHARGE

After you have paid all the Indebtedness secured by this Mortgage and performed all your obligations under the Mortgage and the Agreements, you may request, in writing, that we provide you with a discharge of this Mortgage which will be prepared at your expense.

You will pay our usual administration fee for preparing, reviewing and/or signing any such discharge as well as all legal and other expenses, whether the discharge is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge on your title and to pay the registration fee.

If electronic registration is available for your Mortgage, we may, in our sole discretion, register the discharge on your behalf and at your cost and will provide either you or your lawyer (as applicable) with confirmation of registration.

18. GUARANTEE

In return for us having made a loan to you (which includes your heirs, executors, successors and assigns), each person who signs the Mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the Indebtedness as and when required by the Mortgage and to observe and perform all of your other obligations under the Mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with you and with each other for complying with all obligations under the Mortgage.

We may, at any time and from time to time, without the consent of or notice to any guarantor, give any extension of time for payment (including renewals), amend the Agreements or any of them, deal with any additional security, give releases or discharges, vary, increase or decrease the Interest Rate, amend the terms of the Mortgage and generally deal with all matters affecting the Mortgage and your obligations without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from you, and all obligations of any guarantor shall also be those of the guarantor's, heirs, executors, successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

19. GENERAL

(a) The covenants deemed to be included in a charge by the Act are excluded from this Mortgage.

(b) If more than one person signs the Registered Document, each is separately liable and all are jointly liable under it. Any agreement to make material changes to the Mortgage including, without limitation, any extension of the time for payments, changes in the Interest Rate or renewals or extensions will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original Registered Document but did not agree to the changes in writing.

(c) If more than one person signs the Mortgage as borrower we can rely on communications we receive from any one of you, whether these communications are received electronically, in writing, orally or otherwise and such communications from any one of you will be considered to be communications from all of you. In addition, communications from us to any of you, whether these communications are delivered electronically, in writing, orally or otherwise, will be considered to be communication to all of you. Items mailed to you will be considered to have been received by you by the fifth day after mailing.

(d) You certify to us that all information which you gave us about your marital status and the Property when applying for the loan secured by the Mortgage, and the statements made herein and in the Registered Document were and are completely truthful and accurate under Part II of the *Family Law Act* (as amended or replaced).

(e) The doctrine of consolidation will apply to the Mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

(f) You agree that, only for the purpose of defining the date of the Mortgage with respect to any statutory right of prepayment, the date of the Mortgage will be deemed to be the Interest Adjustment Date set out in the Registered Document regardless of the date of signature that appears on the Registered Document.

(g) If the *Ontario New Home Warranties Plan Act* (as amended or replaced) applies to the Property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

(h) Not only do you agree to be bound by everything, including your obligations, in the Mortgage, but your legal and personal representatives and successors and anybody else to whom your Property is transferred are also bound. The Mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the Mortgage.

(i) The Mortgage cannot be assigned by you or assumed by any other person or persons.

(j) If you or any of you or any guarantor is female or if a guarantor is a corporation, then the Mortgage will be read with all necessary grammatical changes.

(k) If any provision of the Mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200303 Cote

(l) Headings in the Mortgage do not form part of the Mortgage and are used only for easy reference

Dated at Toronto, this 8th day of January, 2003.

Christie A. McNeill
Solicitor for Canadian Imperial Bank of Commerce

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200303 Code

SCHEDULE
EQUIVALENT INTEREST RATES

In the Mortgage, interest is calculated monthly not in advance. The following table shows, for a number of possible interest rates, calculated monthly not in advance, the equivalent rates if interest were calculated half-yearly not in advance.

Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)	Interest Rate Calculated Monthly Not in Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)
3.000	3.019	**11.000**	11.255	**19.000**	19.768
3.125	3.145	11.125	11.386	19.125	19.903
3.250	3.272	11.250	11.517	19.250	20.039
3.375	3.399	11.375	11.648	19.375	20.174
3.500	3.526	11.500	11.779	19.500	20.310
3.625	3.652	11.625	11.910	19.625	20.445
3.750	3.779	11.750	12.041	19.750	20.581
3.875	3.906	11.875	12.173	19.875	20.716
4.000	4.033	**12.000**	12.304	**20.000**	20.852
4.125	4.160	12.125	12.435	20.125	20.988
4.250	4.288	12.250	12.567	20.250	21.124
4.375	4.415	12.375	12.698	20.375	21.260
4.500	4.542	12.500	12.830	20.500	21.396
4.625	4.670	12.625	12.962	20.625	21.532
4.750	4.797	12.750	13.094	20.750	21.668
4.875	4.925	12.875	13.225	20.875	21.804
5.000	5.052	**13.000**	13.357	**21.000**	21.940
5.125	5.180	13.125	13.489	21.125	22.077
5.250	5.308	13.250	13.621	21.250	22.213
5.375	5.436	13.375	13.753	21.375	22.350
5.500	5.563	13.500	13.885	21.500	22.486
5.625	5.691	13.625	14.018	21.625	22.623
5.750	5.819	13.750	14.150	21.750	22.760
5.875	5.947	13.875	14.282	21.875	22.896
6.000	6.076	**14.000**	14.415	**22.000**	23.033
6.125	6.204	14.125	14.547	22.125	23.170
6.250	6.332	14.250	14.680	22.250	23.307
6.375	6.460	14.375	14.812	22.375	23.444
6.500	6.589	14.500	14.945	22.500	23.581
6.625	6.717	14.625	15.078	22.625	23.719
6.750	6.846	14.750	15.211	22.750	23.856
6.875	6.974	14.875	15.344	22.875	23.993
7.000	7.103	**15.000**	15.477	**23.000**	24.131
7.125	7.232	15.125	15.610	23.125	24.268
7.250	7.360	15.250	15.743	23.250	24.406
7.375	7.489	15.375	15.876	23.375	24.543
7.500	7.618	15.500	16.009	23.500	24.681
7.625	7.747	15.625	16.143	23.625	24.819
7.750	7.876	15.750	16.276	23.750	24.957
7.875	8.005	15.875	16.409	23.875	25.095
8.000	8.135	**16.000**	16.543	**24.000**	25.232
8.125	8.264	16.125	16.677	24.125	25.371
8.250	8.393	16.250	16.810	24.250	25.509
8.375	8.522	16.375	16.944	24.375	25.647
8.500	8.652	16.500	17.078	24.500	25.785
8.625	8.781	16.625	17.212	24.625	25.923
8.750	8.911	16.750	17.346	24.750	26.062
8.875	9.041	16.875	17.480	24.875	26.200
9.000	9.170	**17.000**	17.614	**25.000**	26.339
9.125	9.300	17.125	17.748	25.125	26.477
9.250	9.430	17.250	17.882	25.250	26.616
9.375	9.560	17.375	18.016	25.375	26.755
9.500	9.690	17.500	18.151	25.500	26.894
9.625	9.820	17.625	18.285	25.625	27.033
9.750	9.950	17.750	18.419	25.750	27.172
9.875	10.080	17.875	18.554	25.875	27.311
10.000	10.211	**18.000**	18.689	**26.000**	27.450
10.125	10.341	18.125	18.823	26.125	27.589
10.250	10.471	18.250	18.958	26.250	27.728
10.375	10.602	18.375	19.093	26.375	27.867
10.500	10.732	18.500	19.228	26.500	28.007
10.625	10.863	18.625	19.363	26.625	28.146
10.750	10.994	18.750	19.498	26.750	28.286
10.875	11.124	18.875	19.633	26.875	28.425

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200303 Date

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200304 Cote
Filing Date Mar. 4th, 2003 Date de Dépôt
Page 1 of/de Fifteen (15) Pages
DIRECTOR OF LAND REGISTRATION (A.)
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by Espanola & District Credit Union Ltd

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided by section 9 of the *Land Registration Reform Act*, as amended from time to time.

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STATUTORY COVENANTS EXCLUDED

1. The parties agree that the covenants deemed to be included in all charges by reason of section 7(1) of *the Land Registration Reform Act*, as amended from time to time, are excluded from this charge and replaced by the following covenants.

CREATION OF CHARGE

2. The chargor charges in favour of the chargee the lands described In the charge as security for the repayment of the principal amount set out In the charge, the interest calculated at the rate shown in said charge, all costs and amounts payable hereunder and the performance of all covenants, obligations and provisos herein contained, in accordance with the terms stipulated in the charge, together with all remedies, rights and powers available at law of the chargee and under this charge, including the power of sale herein contained.

CHARGE VOID

3. Provided this charge to be void on payment to the chargee at its head office, or such other place as may be designated by the chargee, in lawful money of Canada, of the principal amount set out in the charge and interest at the rate set out in the charge, calculated at the times indicated in the charge, as well after as before maturity, default or judgement, until fully paid, in accordance with the terms described hereunder, together with the payment of all other amounts payable hereunder, including all municipal taxes, rates, charges, levies or assessments, utility charges upon the lands and the observance by the chargor of all covenants, obligations and provisos contained herein.

Interest at the rate set out in the charge on the amounts from time to time advanced, computed from the respective dates of such advances until the interest adjustment date set out in the charge, shall become due and be paid on the interest adjustment date, thereafter, the principal amount and interest thereon shall become due and be paid upon the terms and on the dates set out in the charge. All payments shall he applied firstly to interest calculated as set out in the charge on the principal amount from time to time outstanding, and the balance if any, will be applied in reduction of the principal.

INTEREST ON ARREARS

4. It is agreed that in case default shall he made in payment of any sum to become due for interest at any time appointed for payment thereof, compound interest shall he payable and the sums in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate set out in the charge. In the event that the interest and compound interest are not paid in two months from the time of default a rest shall be made, and compound interest at the rate set out in the charge shall be payable on the aggregate amount then due, as well before as after maturity, and so on from time to time. All such interest and compound interest shall be a charge upon the said lands.

ADVANCES OF PRINCIPAL

5. The chargor agrees that neither the preparation, execution nor registration of this charge shall bind the chargee to advance the principal amount secured under this charge. Similarly, the advance of a part of the principal amount secured under this charge shall not bind the chargee to advance any unadvanced portion thereof. Nevertheless this charge shall take effect forthwith upon execution thereof by the chargor, and the costs and expenses of the examination of title, all related searches and the preparation of this charge and valuation are to be secured by this charge in the event of the whole or any balance of the principal amount not being advanced. These costs shall be a charge upon the said lands and shall without demand therefor, be payable forthwith with interest at the rate set out in the charge; and in default the chargee may exercise the power of sale and all its remedies, rights and powers available at law and under this charge.

MUNICIPAL TAXES

6. With respect to municipal taxes, school taxes, local improvement rates and all other taxes charged by a competent authority chargeable against the lands (hereinafter referred to as the "taxes"), It is agreed as follows.

a) Subject to the provisions of this paragraph, the chargor shall pay all taxes chargeable against the lands as they fall due;

b) The chargor agrees to provide to the chargee, as the chargee may require, receipts confirming the payment of said taxes within a period of thirty days following the date on which they were due;

c) The chargee may deduct from the final advance of monies secured by this charge an amount sufficient to pay the taxes due at the time of such final advance,

d) If required by the chargee, the chargor shall, each month, pay to the chargee one twelfth of the amount of the taxes due for the following year, as estimated by the chargee. the chargor shall also pay to the chargee on demand, the amount if any, by which the actual taxes exceed such estimated amount;

STANDARD CHARGE TERMS
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c) The chargor shall pay interest at the rate set out in the charge on any debit balance, in the account maintained by the chargee with respect to taxes, after payment of taxes by the chargee, until such debit balance is fully repaid and such amount is payable forthwith, added to the charge and shall be a charge on the lands.

The chargee agrees to apply such deductions and payments on the taxes chargeable against the lands so long as the chargor observes the covenants contained in this charge; nothing herein contained shall obligate the chargee to apply such payments on account of taxes more often than yearly and the chargee shall not be obligated to pay interest or other indemnity on such payments. If before any sum paid to the chargee shall have been so applied to taxes, there is default by the chargor in respect of any payment due under the charge, the chargee may apply such sum to satisfy the payment in default. Nothing contained in this charge shall relieve the chargor of his obligation to pay the taxes to the extent that the amounts applied to taxes by the chargee are not sufficient to fully discharge the same. The chargor further covenants to provide to the chargee assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after receipt of same.

COVENANTS OF THE CHARGOR

7. The chargor hereby covenants and warrants to the chargee as follows:

PAYMENT OF PRINCIPAL AND INTEREST AND OBSERVATION OF COVENANTS

a) The chargor covenants with the chargee to pay, without deduction or abatement, the amounts advanced under the charge and interest thereon in accordance with the provisions of the charge; and to pay and satisfy, as they fall due, all taxes, assessments, and other levies and statute labour levied or imposed by any municipal, local, parliamentary or other competent authority, which may now or hereafter be imposed, charged or levied upon the lands and when required shall leave the receipts therefor with the chargee; to do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations provided in the charge; and that in the event of default, the chargee shall have quiet possession of the lands free and clear from all encumbrances.

Without prejudice to the chargee's rights under section 44 of the *Credit Unions and Caisses Populaires Act*, as amended from time to time, the chargor authorizes the chargee to withdraw from any account maintained by the chargor with the chargee, the instalments or any other amounts due under this charge.

AUTHORITY TO CHARGE LANDS

b) The chargor covenants with and warrants to the chargee that he has good right, full power and absolute authority to charge the said lands, in the manner set out in this charge.

TITLE

c) The chargor covenants with and warrants to the chargee that at the time of execution of this charge he has a good and indefeasible estate of inheritance in fee simple, to the said lands, free and clear of all charges easements, reservations, equitable interests, and other interest of any kind whatsoever, except as disclosed by the records of the land registry office.

PRIOR ENCUMBRANCES

d) The chargor covenants with and warrants to the chargee that he has not by any act, omission, or consent permitted or done anything whereby the lands are or may hereafter be in any way encumbered by any charge, easement, equitable interest or any other interest whatsoever, except as disclosed in the records of the land registry office.

INSURANCE

e) The chargor covenants that he will forthwith insure the buildings now or hereafter erected on the lands for a sum which shall not be less than their full replacement value and during the continuance of this charge keep them insured in favour of the chargee against loss and damage by fire, and also by explosion, tempest, tornado, cyclone, lighting and such other risks or hazards as the chargee may require. The chargor shall deliver to the chargee at least fifteen days prior to the expiry of any insurance policy and at least five days prior to the effective date of any notice of cancellation, evidence that he has renewed or replaced such insurance, failing which the chargee may provide therefor and charge the costs thereof and interest thereon at the charge rate to the chargor and the same shall be payable forthwith and shall also be a charge upon the lands. It is also agreed that the chargee may at any time require any insurance of the buildings to be cancelled and new insurance effected in a company to he named by the chargee. The chargee may of its own accord effect or maintain any insurance herein provided for, and any amount paid by the chargee therefor shall be payable forthwith by the chargor with interest at the charge rate and shall also be a charge upon the said lands. All policies of insurance shall provide that loss shall be payable to the chargee as its Interest may appear and contain a charge clause in a form approved by the chargee. The chargee may, in its sole discretion, require that all monies received in the event of loss be applied in whole or in part in discharge of any of the monies due under the charge, whether due or not.

ACCELERATION ON DEFAULT

f) In default of payment of interest, of any instalment of principal, or of any other amount payable by the chargor to the chargee, in whole or in part, under this charge, or in the event of default by the chargor in the observance of any of the covenants, obligations and provisos contained in this charge, the chargee may, in its sole discretion, demand immediate payment of the full amount of principal, interest, and any other amounts due under the charge. In default of payment, the chargee may exercise all of its remedies, rights and powers available at law, and under this charge including the power of sale herein contained. It is agreed that the chargee may in writing waive its right to demand immediate payment of the full amount of principal, interest, and any other amount due under the charge, but notwithstanding such waiver, the chargee may exercise such right at a later time, or in the event of any other default.

The chargor covenants with the chargee and warrants that in the event of nonpayment of the principal moneys or interest, and all other amounts payable under this charge become due pursuant to this paragraph at the time or times provided, he shall not require the chargee to accept payment of said principal moneys without first giving three months previous notice in writing or paying the indemnity calculated in accordance with the formula provided in paragraph 22(b) herein. The chargor agrees that this indemnity constitutes a form of compensation payable in consideration for the chargor's full repayment of the principal and is not a penalty.

DISTRESS

g) The chargee may distrain for arrears of interest, principal and with respect to all other amounts due under this charge. All costs incurred in connection with the chargee's exercise of its remedy of distress are payable by the chargor forthwith with interest at the charge rate and are a charge on the lands.

ENTRY ON DEFAULT

h) In default of the payment of interest, on any instalment of principal, and of any other amount payable by the chargor to the chargee, in whole or in part, under this charge, or in the event of default by the chargor in the observance of any of the covenants, obligations and provisos contained in this charge, the chargee may take possession of the lands and shall have quiet possession of the lands free and clear from all charges, executions or other encumbrances without the let, suit, hindrance, interruption or denial of the chargor.

FURTHER ASSURANCES

i) At all times, the chargor and any person who shall have a right or claim against the whole or any part of the lands will, at the chargor's expense, execute, deliver or obtain any deed or other instrument and do anything which the chargee or its solicitor may deem necessary for the further, better and more perfectly and absolutely conveying and assuring the lands hereby charged unto the chargee and such expenses shall be payable forthwith by the chargor, with interest at the charge rate and shall be a charge on the lands.

REPAIR

j) The chargor will keep the lands and the buildings and improvements now or hereafter erected thereon in good condition and repair and the chargee may, whenever the chargee deems necessary, in person or through an agent enter upon and inspect the said lands and premises and make such repairs as the chargee deems necessary. The costs of such inspection and repairs with interest at the rate set forth in the charge shall be payable forthwith by the chargor and be a charge upon the said lands. If the chargor shall neglect to keep the said lands and premises in good condition and repair or commits or permits any act of waste on the said lands (as to which the chargee shall be the sole judge) the chargee may demand the immediate payment of the principal amount secured, interest thereon, and any other amount due under the charge and in default of payment, the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained. The chargor also covenants to forthwith advise the chargee of any order or notice relating to the lands issued by any competent authority and the chargor further agrees that the existence of any such order or notice shall constitute a default under this charge and in such event, the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

POWER OF SALE

k) In the event of default of payment of the principal amount or interest, in whole or in part or in the observing, performing, fulfilling or keeping of one or more of the covenants, obligations and provisos contained in the charge, the chargee may enter into possession of the lands hereby charged and take the rents and profits and, whether in or out of possession of the lands, may make any lease thereof as the chargee shall think fit.

Further, in the event of default, in any payment of the principal amount or interest in whole or in part, or in the observing, performing, fulfilling or keeping of one or more of the covenants, obligations and provisos contained in the charge, and fifteen days shall have thereafter elapsed without such default having been remedied, the chargee may, after giving thirty-five days written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, as amended from time to time, without any further consent or concurrence of the chargor, sell and absolutely dispose of the lands hereby charged or any part or parts thereof, by public auction or private contract, or partly by private contract and partly by public auction, as the chargee shall see fit, and may convey and assure the same when so sold unto the purchaser or purchasers, his or their heirs, executors, successors, administrators and assigns, and execute and do all such things as may be found necessary for the purposes aforesaid.

The chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default.

The production of these presents shall be conclusive evidence of default, as also of the continuance of the said principal amount and interest or some part thereof.

After such sale or sales as herein provided, the chargee shall stand and be possessed of the monies to arise and be produced by such sale or sales, or which shall be received by the chargee by reason of any insurance upon the said premises upon the following trusts:

Firstly to pay and satisfy the costs and charges of preparing for and making sales, leases and conveyances as aforesaid or attempted sales, leases or conveyances, and all other costs, charges, damages and expenses which the chargee shall bear, sustain or be put to for taxes, rents, insurances and repairs and all other costs which may be incurred in and about the execution of any of the trusts hereby reposed;

Secondly, to pay and satisfy the interest and principal hereby secured or so much thereof as shall remain due and unsatisfied up to and inclusive of the day whereon the principal amount shall be paid and satisfied;

To the extent that a surplus remains after full payment and satisfaction of the amounts due under this charge, the chargee shall apply such surplus towards the payment of subsequent encumbrancers according to their priorities pursuant to all applicable laws and the chargee shall pay such surplus to the chargor or as he shall direct and appoint and shall in such event, at the request and cost of the chargor, transfer, release and assure unto the chargor or to such person or persons as he shall direct and appoint, all such part of the lands hereby charged as shall remain unsold for the purposes aforesaid, free and absolutely discharged from all claim from the chargee.

Provided always, and it is hereby further declared and agreed that notwithstanding the power of sale and the other powers and provisions contained in the charge, the chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the chargor in the lands hereby charged as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos in trust incident thereto had not been herein contained.

It is further agreed that any notices shall be given in such manner and to such persons as may be lawfully required pursuant to the *Mortgages Act*, as amended from time to time, at the time when such notices are given and in the absence of any such requirement in the *Mortgages Act*, as amended from time to time, or to the extent that such requirements shall not be applicable, such notices may be effectually given either by leaving the same with a grown up person on the said lands, if occupied, or by placing it thereon if unoccupied, or, at the option of the chargee, by mailing the same in a registered letter addressed to the chargor at his last known address or by publishing the same once in some newspaper published in the county or district in which the said lands are situated; any notice shall be sufficient though not addressed to any person by name or designation and notwithstanding any person or persons to be affected thereby may be unborn, unascertained or under disability.

The chargee may sell any part of the said lands on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can be obtained after reasonable efforts. The chargee may bid or buy the lands at the time of such sale, and may rescind or vary any contract for the sale of the whole or any part of the said lands and resell without being held liable or answerable for loss occasioned thereby. In the case of a sale on credit, the chargee shall he bound to pay to the chargor only such monies as have been actually received from the purchaser after the satisfaction of the claims of the chargee. Any purchaser or lessee shall not he bound to see to the propriety or regularity of any sale or lease or be affected by expressed notice that any sale or lease is improper. No want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

The chargor agrees that he will reimburse the chargee for legal fees and disbursements (calculated on a solicitor-client basis), real estate commissions and all other costs incurred by the chargee in exercising the powers of sale herein contained and all such fees, commissions and other costs shall bear interest at the rate provided in the charge, shall be payable by the chargor forthwith and shall be a charge on the lands.

SALE OF THE LANDS

8. a) In the event of a sale or other transfer whether voluntary or involuntary, in whole or in part, of the lands, by the chargor, the chargee may demand immediate payment of the principal amount together with interest accrued thereon and all other amounts payable under the charge, together with an indemnity calculated in accordance with the formula provided in paragraph 22(b) herein. The chargor covenants that such indemnity constitutes a form of compensation payable in consideration for the chargor's full repayment of the principal and is not a penalty.

b) It is agreed that no sale or other dealing by the chargor with the said lands shall in any way change the liability of the chargor or in any way alter the remedies, rights and powers of the chargee available at law and under this charge as against the chargor or any other person liable for payment of the monies secured under this charge.

SUBSEQUENT CHARGE

9. In the event that the chargor gives a charge on the lands to another chargee without obtaining the chargee's prior consent, the chargee may demand full repayment of the principal, interest and all other amounts payable under the charge forthwith, together with an indemnity calculated in accordance with the formula provided in paragraph 22(b) herein. The chargor covenants that such indemnity constitutes a form of compensation payable in consideration for the full repayment of the principal by the chargor and is not a penalty.

PAYMENTS BY CHARGEE

10. It is agreed that the chargee may pay all premiums of insurance and all taxes, rates and utility and heating charges which shall from time to time fall due with respect to the said lands, and be unpaid by the chargor. Any such payments made by the chargee together with all costs, charges, legal fees (as between solicitor and client) and expenses incurred in taking, recovering and keeping possession of the said lands, and for negotiating this loan, investigating title, and registering this charge and other necessary deeds, and all costs incurred in any other proceedings taken in connection with or to realize this security (including real estate commissions incurred in leasing or selling the said lands), shall bear interest at the rate set forth in this charge and be a charge upon the said lands in favour of the chargee. The chargee may pay or satisfy any lien, charge or encumbrance now existing or hereafter created or claimed upon the said lands and all amounts incurred for any such purpose shall likewise be a charge upon the said lands in favour of the chargee. It is hereby further agreed that all amounts paid by the chargee as aforesaid shall be added to the debt hereby secured and shall be payable by the chargor forthwith with interest at the rate set out in this charge. In default of payment, the chargee may demand immediate payment of the principal amount, interest thereon and any other amount due under the charge and may exercise all its remedies, rights and powers available at law and under this charge including the power of sale herein contained.

ONTARIO NEW HOME WARRANTIES PLAN ACT

11. In the event the chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act*, as amended from time to time, or the regulations thereunder, including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under this Act or enrolling the lands or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such costs and expenses shall he added to the debt secured under the charge and be a charge on the said lands and shall bear interest at the rate set forth in the charge, and shall be payable forthwith by the chargor to the chargee.

FIXTURES

12. It is hereby mutually covenanted and agreed that all erections, improvements and fixtures now or hereafter put upon the lands, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shudders and awnings, floor coverings, and all apparatus and equipment pertinent thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the lands and shall be a portion of the security for the indebtedness secured under this charge.

LIENS AND CONSTRUCTION

13. The chargor covenants that in the event of registration of any lien against the lands or in the event of any buildings and/or improvements erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten days, the principal, interest and any other amount payable under this charge shall, at the option of the chargee, forthwith become due and payable and the chargee may exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

ALTERATIONS

14. The chargor covenants that the chargor will not make or permit to be made any alterations or additions to the lands without the prior consent of the chargee and any failure by the chargor to fulfil this covenant shall constitute a default under this charge and, in the event of default, the chargee shall be entitled to exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

DEFAULT IN PRIOR CHARGES

15. The chargee and the chargor covenant and agree that, should default be made by the chargor in the observance or performance of any of his obligations or covenants pursuant to any agreements, provisos or conditions contained in any mortgage or charge to which this charge is subject, all amounts due and payable under this charge shall, at the option of the chargee, forthwith become due and payable and all remedies, rights and powers available to the chargee at law and under this charge may be exercised by the chargee, including the power of sale herein contained.

WAIVER OF DEFAULT

16. The chargor agrees that the chargee may in writing at any time or times after default under this charge waive such default and forego its right to demand immediate payment of the full amount of principal, interest accrued thereon and any other amount due under the charge, but any such waiver shall apply only to the particular default and shall not operate as a waiver of any other or future default.

PARTIAL RELFASES

17. The chargee may at its discretion at all times release any part or parts of the said lands or any other security or any surety for the principal amount and interest secured by this charge, either with or without any sufficient consideration therefor, without being accountable to the chargor except for any monies actually received by the chargee, without responsibility therefor, and without thereby releasing any other part of the said lands or any person from this charge or from any of the covenants herein contained. It is expressly agreed that every part or lot into which the said lands are or may hereafter be divided does and shall stand charged with the whole principal amount secured under this charge and no person shall have the right to require the principal amount to he apportioned.

EXTENSIONS

18. No extension of time given by the chargee to the chargor or anyone claiming under him or any other dealing by the chargee with the owner or owners of the said lands or of any part thereof shall in any way affect or prejudice the rights of the chargee against the chargor or any other person liable for the payment of the principal amount and interest secured under this charge. This charge may be renewed by an agreement in writing or in accordance with the provisions of the next following paragraph at maturity for any term notwithstanding that there may be subsequent encumbrancers. It shall not he necessary to register any such agreement In order to retain priority of this charge and the amounts secured thereunder including interest, even if the rate thereof should be increased over any instrument registered subsequent to this charge.

The chargee may, prior to maturity, advise the chargor by written notice that it is willing to extend or renew this charge upon such terms and conditions as may be specified in the notice. In such event this charge will be renewed for a term of one year or for a lesser term, at the option of the chargee, in accordance with the terms and conditions set out in the notice unless the chargor delivers to the chargee a duly executed renewal form indicating his choice of another renewal period offered in the notice or unless this loan is repaid in full on the date of maturity, and the chargee may withdraw from any of the chargor's accounts, the renewal fee and all monthly instalments due thereafter. The chargee may also require that the chargor execute such further and other documentation as may be required to give effect to such renewal.

Nothing contained in this paragraph shall confer any right of renewal upon the chargor.

JUDGEMENTS

19. The taking of a judgement on any of the covenants herein contained shall not operate as a merger of the said covenant or affect the chargee's rights including the right to interest at the rate and times provided in this charge; further any judgement shall provide that interest thereon shall be computed at the same rate and in the same manner as provided in this charge until the said judgement shall have been fully paid and satisfied.

GUARANTOR(S)

20. In the event that one or more persons designated as guarantors have executed the charge or any schedule attached thereto, the following shall apply:

The guarantor or if more than one, each of them jointly and severally, In consideration of the chargee making the loan secured by this charge to the chargor, guarantees to the chargee, the payment of the principal sum and interest thereon at the rate provided in this charge and performance and observance by the chargor of all covenants, obligations and provisos contained in the charge.

The guarantor acknowledges that he is responsible as principal debtor and agrees that the chargee may, without notice to the guarantor, and without limiting or varying the guarantor's liability hereunder, grant extensions, renewals, time, discharges, releases, take other security, release or abandon any security in whole or in part, abstain from taking other sureties or guarantees, or from realizing on sureties or guarantees in its possession, accept proposals and otherwise deal with the chargor or any other person including other guarantors, without releasing, diminishing, or limiting in any way the responsibilities or obligations of the guarantor to the chargee.

The guarantor further acknowledges that his liability to the chargee shall not be lessened, limited or varied by any deficiency or insufficiency of the security under this charge nor by any other thing whatsoever including the bankruptcy or insolvency of the chargor, the dissolution of the chargor, if a corporation, or any want of capacity, moratorium or other circumstances rendering the obligations of the chargor void or unenforceable and nothing save the payment in full of the principal amount, all interest and all other amounts due under this charge and the performance of all obligations and covenants under this charge shall discharge the guarantor. The guarantor further acknowledges that the chargee shall not be bound to have recourse or to exhaust its recourse against the chargor or against any other person or persons or against any security under this charge or otherwise before enforcing the chargee's remedies, rights and powers available at law and under this charge against the guarantor.

CONDOMINIUM

21. The following provisions apply to any condominium unit that is part of the charged lands:

a) The chargor covenants to comply with the *Condominium Act*, as amended from time to time, the declaration, the by-laws and rules of the condominium corporation and agrees to provide to the chargee copies of any notices, assessments, by-laws, rules and financial statements provided to him by the condominium corporation, as amended from time to time; and the chargor agrees that any violation of his obligations hereunder shall constitute a violation of a covenant pursuant to the charge,

b) The chargor covenants that he will insure all improvements which he or previous owners have made to the unit. This provision is in addition to and does not in any way diminish the chargor's obligations under paragraph 7(c) herein;

c) The chargor irrevocably authorizes the chargee to exercise the chargor's right to vote or consent with respect to any matter submitted to members of the condominium corporation for a vote or consent. In the event that the chargee does not exercise such rights, the chargor may exercise them and the chargor hereby covenants and agrees to exercise his voting or consent rights in accordance with any direction given by the chargee; The chargee shall have no obligation to vote or consent or otherwise protect the chargor's interests by reason of the chargor's assignment of his right to vote or consent. The chargee's exercise of the right to vote or consent shall not have the effect of deeming the chargee to be a chargee in possession;

d) The chargor covenants to pay promptly when due any contributions to regular common assessments and special assessments required by him as an owner of the lands and in the event the chargor defaults in doing so or fails to observe the provisions contained in the *Condominium Act*, the declaration or the by-laws and rules of the condominium corporation, as amended from time to time, the chargee may effect such compliance and any charges or costs incurred thereby by the chargee shall be payable forthwith, together with interest at the rate set out in the charge and shall be a charge against the lands.

Note. paragraphs 22(a), 23, 24 and 25 apply only to single family dwellings.

PREPAYMENT PRIVILEGES

22. a) When not in default, the chargor may reimburse before maturity, without indemnity, in one or several payments of no less than one hundred dollars ($100), an amount not exceeding fifteen percent (15%) of the original amount of the charge loan. This privilege Is valid for each year of the term or for each term if shorter than one (1) year, and shall not be cumulative.

b) When not in default, the chargor may reimburse before maturity any amount, provided however that he pays an indemnity equal to the greater of:

i) an amount equal to three (3) months' interest on the amount prepaid, at the interest rate then applicable to the loan;

ii) an amount equal to the interest calculated on the amount prepaid, until the maturity date, at an interest rate corresponding to the difference between the interest rate then applicable to the loan and the interest rate in force at the chargee for a loan with a term of:

- one (1) year if, at the time of the payment, less than twenty-four (24) months are left before the loan matures;
- two (2) years if, at the time of the payment, from twenty-four (24) to thirty-six (36) months are left before the loan matures;
- three (3) years if, at the time of the payment, from thirty-six (36) to forty-eight (48) months are left before the loan matures;
- four (4) years If, at the time of the payment from forty-eight (48) to sixty (60) mouths are left before the loan matures;
- five (5) years if, at the time of the payment, sixty (60) months or more are left before the loan matures.

However, if the payment is made less than three (3) months before the loan matures, the indemnity shall not exceed the interest at the rate then applicable to the loan, reckoned on the amount prepaid from the date of the prepayment to the loan maturity date.

The indemnity shall be calculated in every case on the total amount prepaid notwithstanding paragraph (a) above.

A prepayment shall not release the chargor from his obligation to continue making the payments herein specified.

The chargor covenants that this indemnity is a form of compensation payable in consideration for the repayment made by the chargor as provided herein and is not a penalty.

INCREASE OF REGULAR PAYMENTS

23. When not in default, the chargor may, at any time but only once per year of term or per term if shorter than one (1) year, increase the amount of his regular payments to a maximum of twice their amount, without paying an indemnity. The chargor may thereafter reduce the amount of his payments to the amount *in* effect before the increase. In both cases, he is required to sign an agreement to that effect and pay the administration charges applicable thereto, if any.

RENEWAL BEFORE MATURITY

24. When not in default, the chargor may request the chargee, any time before the date at which the balance of the loan becomes due, to extend the term of the loan and set new conditions. If the chargee agrees, the chargor shall pay an indemnity equal to the greater of:

a) if the interest rate is reduced, an amount equal to the Interest calculated on the balance of the loan until maturity, at a rate corresponding to the difference between the rate then applicable to the loan and the new rate;

b) an amount of one hundred dollars($ 100).

PORTABILITY

25. If the property consists of a single family residence and the chargor is not in default, the chargee, subject to the conditions which follow, may allow the chargor to transfer to a new single family residence owned and occupied by the chargor (the "new dwelling") a charge (the "new charge") made upon the same terms and conditions, including the interest charged upon the balance of the principal amount secured, as this charge.

To avail himself of this privilege, the chargor shall submit to the chargee a loan application in respect of the new charge and shall comply with all requirements and policies of the chargee concerning new loans in effect at such time. If the new charge satisfies the chargee's lending requirements and policies and if the application for the new charge is approved, a discharge will be provided in respect of the single family residence originally charged following registration at the expense of the chargor of the new charge against the new single family residence. The chargor will, under these circumstances, be exonerated from payment of the indemnity which would otherwise be payable as a result of prepayment of the charge except to the extent that the new charge secures a lesser amount than the principal amount outstanding under this charge. The chargor will pay all costs and expenses of and incidental to the approval, taking, preparation, execution and registration of the new charge and discharge, including the chargee's usual administration fees.

The chargor may request that the principal amount outstanding under the charge at the time of the transfer (the "initial principal") be increased and if the chargee approves of the increase, the additional amount shall bear interest at the rate of interest in effect at the time it is advanced. The chargee may request that a single rate of interest be stipulated in the new charge representing the weighed average of the rates applicable to the initial principal and additional amount respectively. A similar blend will also occur where the due date for the new charge exceeds or precedes the due date of the initial principal.

ALL PURPOSE OPTION

26. No act of the chargee, such as in extension of a delay granted as herein provided shall affect the rights of the chargee as against the chargor with respect to the payment of the principal amount secured under this charge. Notwithstanding repayment, in whole or in part, of the loan secured by this charge, or of any amount secured under this paragraph, in accepting this charge, the chargee agrees that the chargor may request an advance of new sums already reimbursed as if they had never been used to the extent that the total indebtedness does not exceed the initial principal amount of the charge. The chargor's request for such advance must be made in writing and must clearly specify the reason for the loan. The chargee may, in its sole discretion, accept or refuse the request without prejudice whatsoever to its rights under this charge. If the chargee accedes to the chargor's request, the chargee may require and the chargor covenants to pay all administrative fees incurred by the chargee. Upon acceptance of the chargor's request and payment of the administration fees by the chargor, the charge and all other mortgages, charges and other security provided herein will guarantee the repayment to the chargee of any amount so advanced in principal, interest, costs and ancillary expenses and all the provisions of this charge and the most recent renewal agreement will continue to apply.

Furthermore and without limiting whatsoever the generality of the foregoing, the chargee agrees that the chargor may request an extension of delays, which request must be made in writing. The chargee, in its sole discretion, may accept or refuse such request without prejudice whatsoever to its rights under this charge.

With respect to all amounts advanced in accordance with this paragraph, all references made to the loan shall also include a reference to the amounts subsequently advanced whether such new loan is for the purpose of construction, repair or improvement to a building and, the entire advance must be made within three (3) months from the date of acceptance by the chargee failing which the chargee may, in its sole discretion, refuse to make any other advance and its prior acceptance will in such event be deemed to have been revoked. The chargee shall however maintain all its remedies, rights and powers available at law and under this charge, and nothing of the foregoing shall be interpreted so as to deprive the chargee of its remedies, rights and powers available at law for such sums already advanced.

In addition to all the costs provided for in this paragraph, the chargor shall pay all renewal fees as provided herein.

The chargor may waive at any time his right to request further advances to the chargee in accordance with this paragraph by giving written notice to this effect to the chargee. This waiver will not affect and will not prejudice the remedies, rights and powers of the chargee available at law and under this charge for sums already advanced.

DISCHARGES

27. After receipt in full of the loan, including all amounts due under this charge or upon forgiveness in full by the chargee, the chargee shall prepare and execute a discharge of this charge and shall have a reasonable amount of time to do so. An administrative charge and legal and other expenses incurred for the preparation of such discharge shall be borne and paid by the chargor prior to his entitlement to receive an executed discharge of the charge.

ASSIGNMENT OF RENTS

28. For due consideration and as security for the repayment of all amounts payable by the chargor to the chargee under this charge and the performance and observance of all the obligations contained in this charge, the chargor does assign, transfer and set over onto the chargee all rents payable from time to time under all leases of the charged lands or any part thereof, whether such leases are presently existing or created or arise in the future together with the benefit of all covenants, agreements and provisos contained in the said leases in favour of the chargor including the benefit of all guarantees and indemnities contained therein or related thereto and does grant and charge onto the chargee the reversion to all such leases. The chargor covenants that he will, after making a lease of the charged lands or any part thereof, forthwith execute and deliver to the chargee, an assignment in the chargee's usual form of all rents payable under the said lease, and will execute and deliver to the chargee all such notices and other documents as may be required by the chargee to make such assignment effectual in law. Provided however that notwithstanding anything herein contained, no lease of the charged lands or any part thereof made hereafter by the chargor without the consent in writing of the chargee shall have priority over this charge or any renewal or extension thereof. Provided further that nothing herein contained shall make the chargee responsible for the collection of rents payable under any lease of the charged lands or any part thereof or for the performance of any covenants, terms or conditions contained in any such lease and the chargee shall not by virtue of these presents be deemed a chargee in possession of the charged lands. The chargee gives to the chargor, provided the chargor is not in default under the charge, the right to collect rents until default under this charge and the chargee shall he liable to account to the chargor for only such rents as actually coming to his hands less reasonable collection charges in respect thereof.

BANKRUPTCY OF CHARGOR

29. The chargor and the chargee covenant and agree that in the event the chargor makes an assignment for the benefit of creditors or is the subject of an execution or distress or is bankrupt or insolvent, the charge shall be deemed to be in default and the chargee may exercise all of its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

RECEIVERSHIP

30. Notwithstanding anything herein contained, it is declared and agreed that at any time and from time to time when there shall be default under the provisions of these presents, the chargee may, at such time and from time to time and with or without entry into possession of the lands, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the chargee or not, to be a receiver of the lands, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in his stead, and that, in making any such appointment or removal, the chargee shall he deemed to be acting as the agent or attorney for the chargor, but no such appointment shall be revocable by the chargor. Upon the appointment of any such receiver the following provisions shall apply:

(a) Every such receiver shall have unlimited access to the lands as agent and attorney for the chargor (which right of access shall not be revocable by the chargor) and shall have full power and unlimited authority to:

    (i) collect the rents and profits from tenancies or operation of the lands whether created before or after the charge,

(ii) rent or operate any portion of the lands which may become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases,

(iii)complete the construction of any building or buildings or other erections or improvements on the lands left by the chargor in an unfinished state or award the same to others to complete and purchase, repair and/or maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description,

(iv) manage, operate, repair, alter or extend the lands or any part thereof.

The chargor undertakes to ratify and confirm whatever any such receiver or agent may do.

(b) The chargee may at its discretion vest the receiver with all or any of the rights and powers of the chargee.

c) The chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the lands.

(d) every such receiver shall be deemed the agent or attorney of the chargor and not, in any event, the agent of the chargee and the chargee shall not be responsible for his acts or omissions.

(e) The appointment of any such receiver by the chargee shall not result in or create any liability or obligation on the part of the chargee to the receiver or to the chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the chargee a chargee in possession of the lands.

(f) No such receiver shall be liable to the chargor to account for monies other than monies actually received by him in respect of the lands, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

(i) the receiver's remuneration as aforesaid;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of his remedies, rights and powers available at law and authority hereby conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the lands in priority to the charge, including taxes;

(iv) to the chargee all interest, principal and other amounts due under the charge to be paid in such order as the chargee in its discretion shall determine;

(v) and thereafter, every such receiver shall be accountable to the chargor for any surplus.

The remuneration and expenses of the receiver shall he paid by the chargor on demand and shall be a charge on the lands and shall bear interest from the date of demand at the same rate as applies to the principal secured by this charge.

(g) Save as to claims for accounting under sub-paragraph (i) of this paragraph, the chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not which arise or be caused to the chargor or any person claiming through or under him by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the chargor and to any such receiver.

(i) The statutory declaration of an officer of the chargee as to default under the provisions of the charge and as to the due appointment of the receiver pursuant to the terms hereof shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers herein provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred herein in respect of the receiver are supplemental to and not in substitution of any other remedies, rights and powers available at law which the chargee may have.

ENVIRONMENT

31. (a) The following definitions apply to this paragraph:

abutting property: means any property which abuts or is contiguous to the property.

adverse effect: means one or more of the following:

i) impairment of the quality of the natural environment for any use that can be made of it,

ii) injury or damage to property, plant or animal life,

iii) harm or material discomfort to any person,

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iv) alteration to the health of any person, animal or vegetation,

v) impairment of the safety of any person,

vi) rendering any property, plant or animal life unfit for human use,

vii) loss of enjoyment of normal use of property,

viii) interference with the normal conduct of business.

contaminant: means any solid, liquid, gas, sound, heat, odour, vibration, radiation, pollutant or combination of any of them resulting directly or indirectly from human activities that may cause an adverse effect.

discharge: includes addition, deposit, loss, emission, spill or leaking; when used as a verb, includes to add, deposit, lose, emit, spill or leak.

document: Includes a sound recording, video tape, film, photograph, chart, graph, map, plan, survey, study, audit, book of accounts and information recorded or stored by means of any device and includes statements of account, bank statements, letters, notices, files and any other writing or thing relating to the property, the activities of the chargor, the property upon which the chargor exercises his activities or relating to any other discussion or matter of the chargor or any activity exercised by the chargor which may have an environmental effect.

environmental law: includes all international, federal, provincial, and municipal legislation, all regulations, treaty, by-law, code, agreement presently in force or which may come into force in the future which has as object the protection of the environment or which relates to or governs hazardous products, the transportation of hazardous products, the sources of contamination, toxic discharges, toxic waste, contaminants and pollutants and, without limiting the generality of the foregoing, includes the *Environmental Protection Act* of Ontario and *the Canadian Environmental Protection Act*, as amended from time to time by Legislature or Parliament.

hazardous product: means collectively any contaminant, toxic substance or any other substance which, if it was discharged in the environment, could cause immediately or in the future, an adverse effect.

property: includes the lands including all surface land of the property (which is not contained in a building), immersed land, any body of water running over the lands, sub-soil or any combination or part thereof and any activity exercised on the lands.

source of contamination: means anything that discharges into the natural environment any contaminant.

surrounding property: means all property which may suffer an adverse effect by the source of contamination.
In the event the definitions set forth in this paragraph are given a broader meaning than the one used herein pursuant to any amendment to any applicable law, the definitions found in this paragraph shall include such broader meaning.

Covenants

(b) The chargor covenants with the chargee and warrants the following:

(i) The chargor shall not cause or permit to he caused the discharge of hazardous products or contaminants upon the property or from the property upon any abutting property or surrounding property or in a body of water running into the property or into any abutting property or surrounding property;

(ii) The chargor shall at all times comply with environmental laws and shall take all measures in order to ensure that any person that has been given permission to use, occupy, manage or operate the property, complies with environmental laws;

(iii) The chargor hereby grants to the chargee the absolute right to conduct from time to time, at the chargor's expense, tests, inspections, studies, verifications or environmental audits, including the right to conduct soil tests or water tests or any other thing and take samples of the property;

(iv) The chargor hereby gives unlimited access to the chargee to all of the chargor's documents relating to the property and this right shall include the right to make copies of such documents and maintain control thereof,

(v) The chargor shall not exercise and shall not permit any person to exercise any activity which could lead to the imposition of a penalty, directive, fine, order, injunction, action, judgment or liability under the environmental laws or which could have the effect of creating any lien upon the property;

(vi) The chargor shall comply with all requirements of the environmental laws and without limiting the generality of the foregoing, shall obtain all required permits, licenses and other authorizations relating to the property;

(vii) The chargor covenants to immediately advise the chargee of any discharge of a hazardous product or contaminant upon the property or from the property and covenants to immediately provide the chargee with copies of any order, by-law, notice, permit, application, judgment, penalty, procedure, communication or document relating to the discharge or to any other environmental matter which may have an effect on the property;

(viii) The chargor covenants and undertakes to promptly remove, at his cost, all hazardous products or contaminants upon the property, abutting property, surrounding property and body of water affected;

(ix) The chargor shall not install or permit to be installed upon the property any urea formaldehyde foam insulation, asbestos, or any other hazardous product;

(x) The chargor shall immediately advise the chargee of any possible violation, anticipated or effective of the environmental laws and any inquiry completed, being completed or anticipated;

(xi) Upon the originating requests of the chargee, the chargor shall, at his expense, provide to the chargee copies of all environmental audits of the property or verification including copies of updates of such audits or verifications;

(xii) Upon receipt of any documentation relating to the property which raises an environmental issue, the chargor undertakes to forthwith provide a copy thereof to the chargee.

Indemnity

(c) The chargor undertakes to indemnify and save harmless the chargee, its agents, administrators, directors, employees, receivers and receiver managers, with respect to all losses, liabilities claims, damages, costs, expenses, legal fees, disbursements and any other prejudice it may suffer:

(i) Pursuant to the environmental laws including any lien;

(ii) By reason of the discharge of hazardous products or contaminants into the environment and without limiting the generality of the foregoing, including all costs necessary to defend and/or sustain an action between defendants, a counterclaim or a third party claim and for all costs, liabilities and damages resulting from a settlement made by the chargee; and

(iii) By reason of the obligation to comply with the requirements of an order, by-law, injunction, judgment, regulation or other similar obligation issued because of the deposit, storage, destruction, burying, injection, spill, discharge, placement or installation upon the property, the abutting property or surrounding property of hazardous products or contaminants, notwithstanding the degree of involvement or knowledge of the chargor and, for the application of this paragraph, it is inconsequential that the events giving rise to this obligation took place prior to or after the date of this charge.

The obligations and covenants of this paragraph shall survive the foreclosure, extinction or other release or discharge of the charge. Any amount for which the chargor shall he accountable to the chargee pursuant to this paragraph and which the chargee shall itself have to pay shall, subject to the within indemnity, be added to the debt and shall bear interest at the rate provided in the charge.

Right of access and other rights of the chargee

(d) In the event of a discharge of a hazardous product or contaminant which may have an adverse affect, whether or not the source of the contamination is the project, or in the event the chargor is in default of his obligations under the environmental laws, the chargee may, in its sole discretion and without any obligation whatsoever, give any notice and conduct any work which the chargee deems necessary and reasonable for the property and take any other measure to remedy the spill, discharge or emission or to remedy the chargor's default.

The chargee may, at all times in its sole discretion and without any obligation whatsoever, whether or not there is default, enter upon the property to inspect it, conduct tests, studies, verifications, audits or other environmental measures deemed necessary.

It is understood that any exercise by the chargee of its right to enter, conduct work, require information and be advised of environmental measures, in no way constitutes and shall not be deemed to constitute the entering into possession of the property by the chargee and nothing in the foregoing and in these presents shall he interpreted to find or deem the chargee to be having the control, responsibility, management or occupation of the property.

The chargor covenants that any failure to comply or fulfil the covenants, obligations or provisos contained in this paragraph shall constitute a default under the charge and the chargee shall be entitled, in its sole discretion and without any obligation whatsoever, to exercise all its remedies, rights and powers available at law and under this charge, including the power of sale herein contained.

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SPOUSE'S CONSENT

32. The spouse of the chargor consents to the transaction evidenced by the charge and releases all interest in the charged lands to the extent necessary to give effect to the rights of the chargee hereunder, and agrees that the chargee may, without further notice, deal with the chargor regarding the lands and the debt created by the charge as the chargee may see fit.

NOTIFICATION OF CHANGES

33. The chargor agrees to advise the chargee forthwith after any change or happening affecting any of the following:

a) the civil status of the chargor;

b) the qualification of the lands as a matrimonial home within the meaning of Part 11 of the *Family Law Act*, as amended from time to time;

c) the ownership of the said lands;

In order that the chargee he kept fully informed of the names and addresses of the owners of the lands and of any person who has a right of possession in the said lands by virtue of Section 19 of the *Family Law Act*, as amended from time to time. In furtherance of this intention the chargor agrees to provide to the chargee upon request such evidence as may be deemed by him necessary as to items a), b), c) aforesaid.

CORPORATIONS

34. The chargor and the chargee covenant and agree that the following events shall constitute a default under this charge, where the chargor is a corporation and same:

(a) ceases to operate all or part of its business activities, is liquidated or dissolved or wound up, makes an assignment for the benefit of creditors or receivership, is bankrupt or the subject of an execution or distress;

(b) is in default pursuant to any other loan obligations, changes the effective control of the corporation; or reorganizes, amalgamates, transfers the lands to a non-arms-length party, without the prior written consent of the chargee.

c) changes the effective control of he corporation; or

(d) reorganizes, amalgamates, transfers the lands to a non-arms-length party, without the prior written consent of the chargee.

COMPLIANCE WITH LAWS

35. The chargor covenants and agrees to promptly observe, perform, execute and comply with all laws, rules, requirements, orders, directives, ordinance, and regulations of every governmental authority and agency concerning the lands and will, at its own expense, make any and all improvements thereon or alterations thereto, structural or otherwise, which may be required at any time by any such present or future law, rule, requirement, order, directive, ordinance or regulation. The chargee, whenever it deems necessary, may by its surveyor or agent enter upon and inspect the lands and make such improvements and alterations as the chargee deems necessary to render the lands in compliance with such laws, rules, requirements, orders, directives, ordinances or regulations and the reasonable cost of such inspection, improvements and alterations with interest at the rate set forth in the charge shall be payable forthwith and be a charge upon the lands.

NOTICE

36. Unless otherwise provided at law or in the charge, any notice required or contemplated pursuant to this charge, including all demands for payment, shall he made by writing and:

(a) if given to the chargor, may be sent by registered mail to the last known address for the chargor as shown in the chargee's files or delivered personally to the chargor at that address;

(b) if given to the chargee, may he sent by registered mail to the office of the chargee where the payments under this charge are required to be made or delivered personally at that address;

and such notices shall he deemed to have been given and received on the date on which they were delivered personally or, if sent by registered mall, the third working day following the date on which they were mailed, whether or not they are received.

SEVERABILITY OF INVALID PROVISIONS

37. It is agreed that in the event that at any time any provision of these presents is illegal, invalid, inapplicable or inconsistent with the provisions of any applicable statute or regulation thereunder or would by reason of the provisions of any such statute or regulation render the chargee unable to collect the amount of any loss sustained by it as a result of making this charge which it would otherwise be able to collect under such statute, then such provision shall not apply and shall he construed so as not to apply to the extent that it is so illegal, invalid, inapplicable, or inconsistent and this charge shall remain executory notwithstanding such provision.

PARAGRAPH HEADINGS

38. The paragraph headings herein are inserted for convenience of reference only and are deemed not to form part of the charge and are not to be considered in the construction or interpretation of the charge or any part thereof.

INTERPRETATION

39. The parties hereto agree that the following terms shall for the purpose of this charge have the following meanings:

charge/mortgage: means Form2, as amended, prescribed under the *Land Registration Reform Act* as amended from time to time, any schedule attached thereto, and of this Set of Standard Charge Terms, as well as all renewals and amendments thereto;

chargee: shall include the successors and assigns of the chargee;

chargor: shall include the heirs, executors, administrators, successors and assigns of the chargor;

condominium corporation: means the condominium corporation referred to in the legal description of the lands;
declaration: means the declaration registered which relates to the condominium corporation;

guarantor: shall include the heirs, executors, administrators successors and assigns of the guarantor;

lands: shall mean the lands more particularly described in box 5 on form 2, as amended, together with all buildings, constructions and improvements whether affixed or otherwise, present or future, including without restricting the generality of the foregoing all fences, installations for heating, plumbing, air conditioning, ventilation, lighting, water heaters, stoves, refrigerators, storm windows and doors and all fixtures.

Words in the singular shall include the plural and vice-versa, and words in the masculine shall include the feminine and vice-versa where the context requires.

Dated the 25th day of February, 2003.

D. Peter Best
Solicitor

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200304 Cote

CLAUSES TYPES DE CHARGE
Filing No. 200305 Cote
Filing Date Mar. 4th, 2003 Date de Dépôt
Page 1 of/de Twelve (12) Pages
DIRECTOR OF LAND REGISTRATION (A.)
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: Bridgewater Financial Services Ltd.

The following set of standard charge terms shall be deemed to be included every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

Act means the Land Registration Reform Act, R.S.O. 1990, C.1.4, (as amended or replaced);
borrower, you and **your** means each person who signs the mortgage as chargor(s);
CMHC means Canada Mortgage and Housing Corporation;
GEMI means GE Capital Mortgage Insurance Company (Canada);
interest adjustment date means the date specified in the registered document;
lender, we, our and **us** mean Bridgewater Financial Services Ltd., as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;
mortgage or charge, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms;
principal amount means the amount set out in the registered document;
registered document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to 'your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;
to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages whether or not designated as "Cash Back")

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. CASH BACK ADJUSTABLE RATE MORTGAGE (Applicable only to Cash Back Adjustable Rate Mortgages)

(a) Interest Rate

The interest rate payable by you under this mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the **Prime Rate less 0.05% (five one-hundredths of one percent)** provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 5, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canad establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated semi-annually not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) **Payment Amount**

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate as set out in paragraph 5(a). The amount of the monthly payment will be adjusted at the end of each month to reflect the adjusted interest rate and the adjusted monthly payment and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

(c) **Conversion**

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a three (3), five (5) or ten (10) year closed term mortgage, which must be equal to or greater than the remaining term. The mortgage will be converted to the term chosen by you upon receipt of a written request made by you and delivered to our head office located in the Province of Alberta. The interest rate for the converted mortgage shall be our prevailing posted interest rate in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage after receipt by us of the request of conversion to a fixed term.

6. CASH BACK

If the mortgage is designated as a Cash Back Fixed Rate Mortgage or a Cash Back Adjustable Rate Mortgage, upon funding we will advance funds to you under our cash back program ("Cash Back"). You acknowledge and agree that in the event this mortgage is paid in full during the first 5 years of its term you will pay to us all or part of the Cash Back amount which shall be properly added by us to the principal balance outstanding for payout in accordance with the following schedule.

Date of Mortgage Payout	Repayment Amount
on or before 1st year from interest adjustment date	100% of Cash Back amount
on or before 2nd year from interest adjustment date	80% of Cash Back amount
on or before 3rd year from interest adjustment date	60% of Cash Back amount
on or before 4th year from interest adjustment date	40% of Cash Back amount
on or before 5th year from interest adjustment date	20% of Cash Back amount

7. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) **Interest Rate**

The interest rate payable by you under ths mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the **Prime Rate less 0.50% (one half of one percent)** provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 7, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated semi-annually not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) **Payment Amount**

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate as set out in paragraph 7(a). The amount of the monthly payment will be adjusted at the end of each month to reflect the adjusted interest rate and the adjusted monthly payment and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

(c) **Conversion**

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a three (3), five (5) or ten (10) year closed term mortgage, which must be equal to or greater than the remaining term. The mortgage will be converted to the term chosen by you upon receipt of a written request made by you and delivered to our head office located in the Province of Alberta. The interest rate for the converted mortgage shall be our prevailing posted interest rate in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage and receipt by us of the request of conversion to a fixed term.

8. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). This additional interest must be paid by you immediately when we require, both before and after the balance due date, default and judgment.

9. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in this mortgage document, in the event you elect to make payments more frequently as permitted the following provisions shall apply:

(a) If you elect a **Weekly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to 1/4 of the regular monthly instalment, payable on the 7th day following the date of the advance and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect a **Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to ½ of the regular monthly instalment, payable on the 14th day following the date of the advance and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to ½ of the regular monthly instalment, payable on the 1st day and the 15th day of each month commencing with the first such day following the date of the advance.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

10. REPAYMENT OF LOAN AMOUNT

(a) **Currency and Place**

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) **Interest Adjustment Date**

(i) Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) **Payment Provisions on Default**

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 20.

(e) **Bank Account for Payments**

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 10.

11. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose. You may pay arrears of interest by separate payment as your regular payment will not be applied to such interest. The amount of interest in arrears may be obtained by contacting us.

12. YOUR PREPAYMENT RIGHTS (Applicable to All Mortgages)

When not in default any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each 12 month period following the interest adjustment date you may, without penalty:

  (i) make prepayments totaling up to twenty (20%) percent of the original principal amount of the mortgage;

  (ii) increase the regular monthly payment by a total up to twenty (20%) percent of the original monthly payment amount so as to reduce the amortization of the mortgage without changing its term.

(2) If your property is sold pursuant to a bond fide arm's length agreement, you may repay the mortgage in full upon payment of three (3) months interest penalty calculated at the current interest rate of the mortgage.

(3) In addition to the prepayment privileges described in paragraph 12(1), at any time after the third anniversary of the interest adjustment date, you may prepay the mortgage in whole or in part upon payment of three (3) months interest penalty calculated at the current interest rate of the mortgage.

13. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

  (i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

  (ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

  (iii) you have the right to give us the mortgage;

  (iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

  (v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

  - no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

  - no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

  (vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

  (vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

  (viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 13(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 25(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 25 and, in particular, under paragraph 25(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 13(b)(xiii) and appoint a new trustee or trustees.

14. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

15. INSURANCE (Paragraph 15 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvement on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

16. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tàx instalment shall be:

(i) if the payments of the principal and interest are weekly:
estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly:
estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly:
estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly:
estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 16(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 16 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 16 to any portion of the loan amount.

(e) Property Taxes

Notwithstanding any proviso or covenant contained elsewhere herein, as a condition of us (in our sole discretion, but not under any obligation to do so) permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 16(a) through (d) will apply.

17. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

18. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

19. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonable require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 16, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 16 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section *52(1)* of the Mortgages Act, R.S.O. 1990, C.m.40 (as amended or replaced).

20. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 13) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

21. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 18, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the Construction Lien Act R.S.O. 1990, C.c.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

22. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

23. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

24. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

25. ENFORCING OUR RIGHTS

(a) **Remedies** - if you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property** - If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale** - If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. if the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver** - We can appoint, in writing a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults**. We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non -interference**. If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses**. All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement**. Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments**. If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

26. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 26 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 15.)

The corporation created by the registration of a declaration under the Condominium Act, R.S.O. 1990, C.c.26 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc.** - You will comply with the Condominium Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses**. You will pay all amounts required by the Condominium Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands**. You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights**.

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount**. At our option, the loan amount will become payable immediately if::

(i) government of the property of the condominium corporation under the Condominium Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the Condominium Act, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must , if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

27. DUE ON SALE AND RELEASE

If you transfer title to your property or enter into and/or register a long form agreement of purchase and sale ("Agreement for Sale"), or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land or Agreement for Sale to the approved person or persons together with a guarantee agreement(s) (if required by us).

28. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

29. INSPECTION

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GEMI and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

30. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest

31. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 10(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the Family Law Act, R.S.O., 1990, C.f.3 (as amended or replaced).

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

38. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act, R.S.O., 1990, C.o.3 1 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceable of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

ACKNOWLEDGEMENT

This Set of Standard Charge Terms is included in a Charge dated the day of , 20 , made by

as Chargor(s)

TO:

BRIDGEWATER FINANCIAL SERVICES LTD.

as Chargee

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

Guarantor(s)

Chargor(s)

DATED at Toronto, the 27th day of February, 2003.

BRIDGEWATER FINANCIAL SERVICES LTD.
by their solicitors,
BAKER SCHNEIDER RUGGIERO LLP

Per:
Bernard Schneider

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200305 Cote

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by Employees of Dofasco (Hamilton) Credit Union Limited

Filing Date: April 30, 2003
Filing Number: 200306

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Act.

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200306 Date
Filing Date April 30, 2003 Date de dépôt
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DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

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(b) That it will not remove or destroy any of the buildings, plant, machinery and equipment comprised in the improvements other than as herein otherwise provided; provided that nothing herein shall prevent the removal of any such property from one part of the charged premises to another or the temporary removal of any such property for purposes of repair, and provided further that the Chargor may remove, dismantle, sell, exchange or otherwise dispose of any plant, machinery or equipment which has become obsolete, worn out, unserviceable or unnecessary for use in the conduct of any business conducted on the premises if such plant, machinery or equipment is replaced by plant, machinery and equipment of at least equal value or if the value of such plant, machinery or equipment so dealt with in one transaction and not so replaced does not exceed $5,000; provided that such removal or other disposition does not impair the successful operation of the charged premises;

(c) That the Chargor will not make or permit to be made any alterations, additions to, or subtractions from the charged premises without the consent of the Chargee in writing, which consent shall not be unreasonably withheld.

(d) That the Chargor, if the purpose of the Charge is to finance an improvement to the lands and/or buildings, will make the improvement only in accordance with plans and specifications previously approved by the Chargee and complete the improvements as quickly as possible.

(ix) **Obligation to Notify Chargee of Changes**

That the Chargor will forthwith provide the Chargee with full particulars of any change or happening affecting any of the following, namely, (a) the spousal status of the Chargor, and (b) qualification of the said Lands as a matrimonial home within the meaning of the Family Law Act, as amended, the intention being that the Chargee shall be kept fully informed of the names and addresses of any spouse who is not an owner but who has a right of possession in the said Lands by virtue of the said Act. In furtherance of such intention, the Chargor agrees to furnish the Chargee with such evidence in connection with either of (a) and (b) above as the Chargee may, from time to time, request.

(x) **Membership in Employees of Dofasco (Hamilton) Credit Union Limited**

That during the currency of this Charge the Chargor will maintain at all times his status as a member in good standing of Employees of Dofasco (Hamilton) Credit Union Limited in accordance with its by-laws and resolutions.

(xi) **Obligation to Maintain an Account out of which Payments can be drawn**

That, if regular payments of principal and interest (and taxes, if applicable) are required by the provisions of this Charge, the Chargor will maintain, with a branch of Employees of Dofasco (Hamilton) Credit Union Limited, an account of a type satisfactory to the Chargee, and complete an authorization, in a form approved by the Chargee, whereby such account is automatically debited by an amount equal to each payment of principal and interest (and taxes, if applicable), when each payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account, then any such action or omission shall constitute a default under this Charge. The Chargor agrees to pay to the Chargee its current administration and processing fees for breaches of this covenant.

(xii) **Prohibition Against Subsequent Encumbrances**

That the Chargor will ensure that the Lands will remain free and clear of all encumbrances, liens, mortgages, charges, Personal Property Security interests and financing agreements subordinate to the Chargee's interest throughout the term of this Charge and any renewal or renewals thereof, except those approved in writing.

(xiii) **Casualty, Legal or Environmental Claim**

That the Chargor will give immediate notice in writing to the Chargee of any damage caused by fire or any other casualty to, or legal claim against, the said Lands.

That the Chargor will give immediate notice in writing to the Chargee of the receipt of material governmental or third party notices of violation, claims, suits, orders, or permit or approval revocations relating to environmental risks, and of any discharges or spills on or emanating from said Lands within the meaning of the Environmental Protection Act of Ontario, or any similar or successor legislation.

(xiv) **Ontario New Home Warranties Plan Act**

That if the land and buildings are subject to the requirements of the Ontario New Home Warranties Plan Act of Ontario, or any similar successor legislation, the Chargor will comply with such requirements and reimburse the Chargee for any costs which it may incur in effecting compliance or enforcing the Chargor's rights on its behalf if it fails to do so.

CHARGEE'S RIGHT TO ACCELERATE PAYMENT OF PRINCIPAL AND INTEREST

3. In the event of:

(i) The Chargor selling, conveying, transferring or leasing, or entering into any agreement to complete the same, of the title to any interest in the Lands hereby charged to a purchaser, grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

- (a) Apply for and receive the Chargee's written approval as aforesaid;
- (b) Personally assume all the obligations of the Chargor under this Charge; and
- (c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Employees of Dofasco (Hamilton) Credit Union Limited;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

4.

(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

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(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

ADDITIONAL TERMS AND CONDITIONS

5.

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) Partial Releases

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) Discharge

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) Other Security

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) No Right of Prepayment

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) Non-Merger of Covenants

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) Date of Charge

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) Recovery of Fees

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been

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refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Employees of Dofasco (Hamilton) Credit Union Limited, upon request.

CONDOMINIUM

6.

If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

(a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;

(b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;

(c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

8.

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

DEFINED TERMS

9.

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Land Registration Reform Act, 1990, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Land Registration Reform Act, 1990.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ________________________________.

______________________________ ______________________________

DATED this 11th day of April, 2003.

Employees of Dofasco (Hamilton) Credit Union Limited
by their solicitors, Tanner & Guiney Associates

Per:______________________________
Geoffrey F. Cauchi

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200306 Cote

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CLAUSES TYPES DE CHARGE
Filing No. 200307 Cote
Filing Date April 30 2003 Date de dépôt
Page 1 of/de Twenty Three (23) Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

NATIONAL BANK OF CANADA

Filed by: NATIONAL BANK OF CANADA *

Filing Date: April 30, 2003.
Filing Number: 200307.
(the "filing number")

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number including, without limitation, electronic documents submitted for registration under Part III of the *Land Registration Reform Act*, R.S.O 1990, c. L.4, as amended (the "*Land Registration Reform Act*"), as provided in Section 9 of the *Land Registration Reform Act*.

Any charge, whether in a paper format Charge/Mortgage of Land, or in an electronic format, of which this set of standard charge terms forms a part by reference to the filing number in such charge shall hereinafter be referred to as the "Charge". Whenever reference is made in this set of standard charge terms to the Charge it shall include this set of standard charge terms and all terms and provisions of this set of standard charge terms.

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1. INTERPRETATION

In this Charge:

(a) The expression "the Borrower" includes the heirs, executors, personal representatives, administrators, successors and assigns of each and every Borrower and the expression "the Lender" includes the successors and assigns of the Lender.

(b) All covenants, liabilities, and obligations entered into or imposed under the Charge on the Borrower shall be equally binding upon his, her, its or their respective heirs, personal representatives, executors, administrators, successors, and assigns and all such covenants, liabilities and obligations shall be joint and several, and all rights, advantages, privileges, immunities, powers and things secured by the Charge to the Lender shall be equally secured to and exercisable by its successors and assigns.

(c) If the Charge affects a Condominium, the expression "Condominium Corporation" means the Condominium Corporation created by the registration of the Declaration and the description relating thereto and the expression "Declaration" means the declaration registered in connection with the Condominium Corporation.

(d) Words in the singular include the plural, and words in the plural include the singular, and words importing the masculine gender include the feminine and neuter genders where the context so requires.

(e) If the Borrower is comprised of more than one person, all covenants by, and obligations of, the Borrower contained in the Charge or implied are and are to be construed as both joint and several.

(f) If any of the forms of words contained herein are also contained in Column One of Schedule "B" of the *Short Form of Mortgages Act* (Ontario) and distinguished by a number therein, the Charge shall be deemed to include and shall have the same effect as if it contained the form of words in Column Two of Schedule "B" of the said Act distinguished by the same number, and the Charge shall be interpreted as if such Act was still in full force and effect.

2. CHARGE

The Borrower or Borrowers named in the Charge (the "Borrower") charges the lands and premises indicated and described in the Charge (the "Property") with the payment to **National Bank of Canada** (the "Lender") of the principal and interest and all other monies secured by the Charge upon the terms as set out in the Charge.

3. CONFLICT

If there is a conflict between any provision of the Charge and any provision of any instruments or documents now or hereafter representing or evidencing the Liabilities, as defined below, (the "Bank Documents") the relevant provision of the Bank Documents shall prevail to the extent of the conflict. Any reference herein to the "Relevant Bank Document" in a provision relating to Liabilities means the Bank Document representing and evidencing the Liabilities to which such provision relates.

4. COLLATERAL SECURITY

The Borrower has at the request of the Lender agreed to give the Charge as a continuing collateral security for payment and satisfaction to the Lender of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Borrower to the Lender incurred or arising either before or after the delivery for registration of the Charge and whether incurred by or arising from any Bank Document or any other agreement or dealings between the Borrower and the Lender or from any agreement or dealings with any third party by which the Lender may be or become a creditor of the Borrower or however otherwise incurred or arising anywhere within or outside Canada and whether the Borrower be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and then increased or entirely extinguished and then incurred again (such obligations, debts and liabilities being herein collectively called the "Liabilities"). The Charge at any one time will secure only that portion of the aggregate principal component of the Liabilities outstanding at such time which does not exceed the sum set out in the Charge entitled "Principal" or "Principal Amount" (herein called the "Principal Amount"), together with any interest or compound interest accrued or to accrue on the portion of the Principal Amount outstanding at such time at the Applicable Interest Rate, as defined below, plus any costs and expenses to which the Lender is entitled pursuant to the Charge or the Relevant Bank Document.

5. COVENANTS REGARDING LIABILITIES

The Borrower and the Lender agree as follows:

(a) The Borrower covenants to pay to the Lender each and every amount, indebtedness, liability and obligation forming part of the Liabilities in the manner agreed to in respect of such amount, indebtedness, liability or obligation.

(b) No part of the Liabilities existing at the date of the Charge or incurred or arising after the Charge is granted, shall be deemed to be unsecured by the Charge.

(c) The Charge is and shall be a continuing collateral security to the Lender for the amount of the Liabilities and interest and costs as provided in the Charge and shall be deemed to be taken as security for the ultimate balance of the Liabilities; and the Charge shall not, nor shall anything contained in the Charge operate to create any merger or discharge of any debt owing to the Lender or of any lien, bond, promissory note, bill of exchange or other security held by the Lender either before or after registration of the Charge from the Borrower or from any other person or persons and the Charge shall not in any way prejudicially affect any security held either before or after the registration of the Charge by the Lender for all or any part of the Liabilities, or the liability of any endorser or any other person or persons upon any such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Lender for or on account of all or any part or parts of the Liabilities, nor shall the remedies of the Lender in respect thereof be prejudiced or delayed in any manner by the taking of the Charge.

(d) Any and all payments made in respect of the Liabilities and interest and the monies or other proceeds realized from the sale of any securities held, including the Charge, may be applied and reapplied notwithstanding any previous application on such part or parts of such Liabilities or interest as the Lender may see fit or may be held unappropriated in a separate collateral account for such time as the Lender may see fit.

(e) The Lender may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees up to, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of, may accept compositions from and may otherwise deal with the Borrower and all other persons, securities and guarantees as the Lender may see fit without prejudicing the rights of the Lender under the Charge.

(f) The taking of judgement in respect of the Liabilities or the Bank Documents or under any of the covenants in the Charge or in any Bank Documents contained or implied shall not operate as a merger of the Liabilities or the Bank Documents, nor affect the Lender's right to interest at the rate and times provided in the Charge, nor affect nor prejudice any rights or remedies given to the Lender by the terms of the Charge.

6. INTEREST

(a) If the interest rate indicated in the Charge or the Relevant Bank Document is a specified annual percentage, the rate of interest chargeable on the Principal Amount is that rate per annum, calculated and payable monthly, as well after as before maturity of the Charge, and both before and after default and judgement until paid.

(b) For the purposes of the Charge or the Relevant Bank Document the interest rate is referred to as the "Applicable Interest Rate". Whenever reference is made to the Applicable Interest Rate it shall mean the rate of interest indicated in the Charge and the Relevant Bank Document, and interest shall be calculated and payable as set out in the Charge or the Relevant Bank Document as the case may be.

7. DEFEASANCE

The provisions relating to defeasance contained in subsection 6(2) of the *Land Registration Reform Act*, are expressly excluded from the terms of the Charge.

The Charge shall be void upon the Borrower paying on demand to the Lender the ultimate balance of the Liabilities, such balance not to exceed the Principal Amount, and all promissory notes, bills of exchange and any other instruments or agreements from time to time representing all or any part of the Liabilities, together with interest thereon at the interest rate per annum, calculated and payable monthly as well after as before maturity, default and judgement, with interest on overdue interest at the same rate as on the Principal Amount and all other amounts payable by the Borrower under the Charge and paying any taxes, rates, levies, charges or assessments upon the Property no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge and the Relevant Bank Document.

8. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest or for any cost, charge or expense that has been added to the Liabilities under the terms of the Charge or the Relevant Bank Document, at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Applicable Interest Rate, and in case the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be added to the debt secured by the Charge and shall be a charge upon the Property prior to all claims thereon registered or arising subsequent to the Charge.

9. TAXES

(a) With respect to municipal taxes, school taxes and local improvement rates (hereinafter referred to as "taxes") chargeable against the Property:

(i) The Lender may deduct from any advance of monies to the Borrower an amount sufficient to pay the taxes which have become or will become due and payable at the date of such advance and are unpaid at the date of such advance.

(ii) The Borrower shall pay to the Lender in monthly instalments on the dates on which instalments of principal and interest are payable under the Charge or the Relevant Bank Document, sums sufficient to enable the Lender to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in instalments, on or before the due date for payment of each instalment of taxes.

(iii) Where the period between the date of the advance and the end of the calendar year is less than one year the Borrower shall pay to the Lender in equal monthly instalments, during such period and during the next succeeding 12 months period, an amount estimated by the Lender to be sufficient to pay, on or before the expiration of the said 12 months period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 months period expires; and the Borrower shall also pay to the Lender on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(iv) Except as provided in the last preceding clause, the Borrower shall, in each and every month, pay to the Lender one-twelfth of the amount (as estimated by the Lender) of the taxes next becoming due and payable; and the Borrower shall also pay to the Lender on demand the amount, if any, by which the said actual taxes exceed such estimated amount.

(v) The Lender shall allow the Borrower interest on the average monthly balances standing in the Charge account from time to time to the credit of the Borrower for payment of taxes at a rate per annum, and at such times, as the Lender may determine in its sole discretion; and the Borrower shall be charged interest at the Applicable Interest Rate, on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Lender, until such debit balance is fully repaid.

(vi) The Borrower shall reimburse the Lender, on demand, for any fees paid or charges incurred by the Lender to a municipality or other tax authority from time to time in connection with the administration of the tax account, including any fees or charges for the obtaining of information or searches or certificates in respect thereof, or the payment of taxes in any manner and the Borrower authorizes the Lender to deduct the amount of such fees or charges from the tax account.

(b) The Lender agrees to apply the foregoing deductions and payments to the taxes chargeable against the Property so long as the Borrower is not in default under any covenant, proviso or agreement contained in the Charge or the Relevant Bank Document, but nothing contained in the Charge shall obligate the Lender to apply such payments on account of taxes more often than yearly. Provided, however, that if, before any sum or sums so paid to the Lender shall have been so applied, there shall be default by the Borrower in respect of any payment of principal or interest as provided in the Charge or the Relevant Bank Document, the Lender may apply such sum or sums in or towards payment of the principal and/or interest in default. The Borrower further covenants and agrees to transmit to the Lender the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Borrower.

(c) Notwithstanding the provisions set out in this section, the Lender may elect from time to time, in its sole discretion, not to require payment of taxes to it in which case the Borrower will pay all taxes as they fall due and will provide the Lender with receipts confirming payment of same as the Lender may require.

10. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the *Land Registration Reform Act*, shall be excluded from the terms of the Charge.

11. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Borrower covenants and agrees to and with the Lender as follows;

(a) To Pay and Observe Covenants

The Borrower shall pay or cause to be paid to the Lender, without deduction or abatement, the Principal Amount secured by the Charge with interest at the Applicable Interest Rate at the times and in the manner limited for payment thereof in the Charge or the Relevant Bank Document, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Property or in respect thereof, no matter by whom or by what authority imposed, which the Lender has paid or has been rendered liable to pay and shall also pay all other sums as the Lender may be entitled to under the Charge.

(b) For Good Title

The Borrower, at the time of delivery for registration of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Property free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(c) Right to Charge

The Borrower has good right, full power and lawful and absolute authority to charge the Property with their appurtenances in favour of the Lender in the manner set out in the Charge.

(d) Quiet Possession on Default

From and after default in the payment of the Principal Amount, or the interest thereon, or any part thereof, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Lender, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Property or the lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Borrower, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments due or payable upon or in respect of the Property or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances.

(e) Further Assurances

From and after default in the payment of the Principal Amount then outstanding, or the interest thereon, or any part of the Principal Amount or interest, as set forth in the Charge or of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Borrower, and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Property by, from, under or in trust for the Borrower, shall and will, from time to time, and at all times thereafter, make, do and execute, deliver, authorize and register or cause or procure to be made, done, executed, delivered, authorized and registered, all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Property in favour of the Lender, as by the Lender, or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(f) Done No Act to Encumber

The Borrower has not at any time made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whereby the Property or the land and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title or estate.

(g) Insurance

(i) The Borrower will insure and during the continuance of the Charge keep insured in favour of the Lender against loss or damage by fire, lightning, windstorm, hail, earthquake, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Lender in its sole discretion might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Property and which may hereafter be erected thereon, both during erection and after, and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Lender in its sole discretion might require depending on the nature of the Property or the use thereof, with a company or companies approved by the Lender and shall pay all premiums and sums of money necessary for such purpose as the same shall become due;

(ii) Each policy of insurance shall provide that loss, if any, shall be payable to the Lender as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Lender and the Borrower will forthwith assign, transfer and deliver over unto the Lender the policy of insurance and receipts thereto appertaining;

(iii) If the Borrower neglects to keep the buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Lender at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Lender shall be entitled, but shall not be obliged, to insure the buildings or any of them, and if the Lender shall pay any premiums or sums of money for insurance for the Property or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge, and shall be payable forthwith by the Borrower to the Lender, on demand and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of sale and shall entitle the Lender to exercise the power of sale and all other remedies hereby given; and the Borrower shall forthwith on the happening of any loss or damage, furnish at the Borrower's own expense all necessary proofs and do all necessary acts to enable the Lender to obtain payment of the insurance monies and the production of a printed copy of the Charge shall be sufficient authority for the applicable insurance company(s) to pay any such loss to the Lender, and such insurance company is hereby directed thereupon to pay the same to the Lender;

(iv) Any insurance monies received by the Lender may, at the sole option of the Lender, be applied in rebuilding, reinstating or repairing the Property or be paid to the Borrower or any other person appearing by the registered title to be or to have been the owner of the Property or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Lender, in whole or in part on account of the amounts secured by the Charge or any part thereof whether due or not then due.

If the Property is part of a Condominium the insurance provisions set out above will not apply and the following will apply to the Charge:

> The Borrower or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Lender against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, earthquake, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Lender in its sole discretion might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Property, including the common elements thereof, and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Lender in its sole discretion might require depending on the nature of the Property or the use thereof, with a company or companies approved by the Lender; and the Borrower will forthwith assign, transfer and deliver unto the Lender the policy or policies of insurance and receipts thereof appertaining and if the Borrower or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or produce to the Lender at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Lender shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Borrower or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policies of insurance and, without limiting the generality of the obligation of the Borrower to observe and perform all the duties and obligations imposed on him by the *Condominium Act*, 1998, S.O. 1998, C.19, as amended or replaced (the "Condominium Act") and by the Declaration and By-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Borrower as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

12. RELEASE

The Borrower has released, remised and forever quitted claim, and does release, remise, and forever quit claim to the Lender, all right, title, interest, claim and demand whatsoever of, in, to and out of the Property and every part thereof, so that the Borrower shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Property or any part thereof, in any manner howsoever, subject always to the proviso for defeasance.

13. ENTRY AFTER DEFAULT AND POWER OF SALE

(a) The Lender on default by the Borrower of payment of the portion of the Principal Amount then outstanding and interest or any part thereof required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Borrower provided in the Charge or the Relevant Bank Document may:

(i) enter into possession of the Property or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O. 1990, c. M.40, as amended (the "Mortgages Act"); and

(ii) sell the Property or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof as the purchaser shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid;

and the Lender shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its wilful neglect or default.

(b) In the event that the giving of such notice shall not be required by law or to the extent that such requirements shall not be applicable notice may be effectually given by leaving it with a grown-up person on the Property, if occupied, or by placing it on some portion of the Property, if unoccupied, or at the option of the Lender, by mailing it by registered mail addressed to the Borrower at the Borrower's last known address and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability.

(c) The proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering, keeping possession of, leasing or selling the Property or by reason of non-payment or procuring payment of monies, secured hereby or otherwise, and that the Lender may sell all or any part of the Property on such terms as to credit and otherwise as shall appear to it most advantageous and for such price as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it may deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Property and resell without being answerable for loss occasioned thereby, and, in the case of a sale on credit, the Lender shall be bound to pay the Borrower only such monies as have been actually received from purchasers after the satisfaction of the claims of the Lender and for any of said purposes may make and execute all agreements and assurances as it shall think fit.

(d) Any purchaser or Tenant shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or Tenant upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person suffering damages by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Lender may sell fixtures, machinery, crops and standing or fallen trees apart from the lands, and the purchaser as well as the Lender shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Lender in the Charge contained or existing at law by virtue thereof.

(e) Until such sale or sales shall be made as set out previously, the Lender shall and will stand possessed of the rents and profits of the Property in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies arising out of and be produced from such sales, or which might arise from any insurance upon the Property or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, leases or conveyances, secondly in payment of all costs, charges, damages and expenses of the Lender relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Lender may have paid relating to the Property, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding secured by the Charge, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Borrower as the Borrower may direct and shall also, in such event, at the request, cost and expense of the Borrower, transfer, release and assure unto the Borrower or to such person or persons as the Borrower shall direct and appoint, all such parts of the Property as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of residence.

(f) Notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Lender shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Borrower in the Property as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto, had not been contained in the Charge.

14. DISTRESS

The Lender may distrain for arrears of interest against all or any part of the Property and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

15. PRINCIPAL DUE ON DEFAULT OF PERFORMANCE OF COVENANTS

If any default shall occur in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Property, then, at the option of the Lender, the Principal Amount secured by the Charge, together with accrued interest thereon at the Applicable Interest Rate, and all other amounts secured by the Charge shall forthwith become due and payable subject to any relief afforded to the Borrower at law. The Lender may, however, waive its right to call in all or any portion of the Principal Amount, interest and such other amounts then outstanding and shall not be debarred from asserting and exercising its right to call in the Principal Amount, interest and such other amounts upon the happening of any future default or breach.

16. BORROWER'S QUIET POSSESSION UNTIL DEFAULT

Until default in the payment of principal or interest secured by or intended to be secured by the Charge, or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Borrower peaceably and quietly to have, occupy and enjoy the Property, and receive the rents and profits thereof to the Borrower's own use and benefit, without interruption by the Lender.

17. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties to the Charge that the building or buildings erected or to be erected on the Property form part of the security for the full amount of the monies secured by the Charge; and that all advances are to be made in such manner, at such times and in such amounts up to the full amount of said monies as the Lender, in its sole discretion, may determine. The Borrower agrees that notwithstanding the Borrower's execution of the Charge or the Borrower's authorization of registration, as the case may be, and the registration of the Charge, or the advancement of any part of the monies, the Lender is not bound to advance the monies or any unadvanced portion thereof and the advance of all or part of monies from time to time shall be in the sole discretion of the Lender, but nevertheless the Charge shall take effect upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge and shall be without demand, payable forthwith with interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and in default the Lender's power of sale hereby given, and all other remedies under the Charge or at law shall be exercisable.

18. FIXTURES

All erections and improvements fixed or otherwise either on or after the date of delivery for registration of the Charge put on the Property, including but without limitation, all fences, heating, piping, plumbing, aerials, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the Property otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Property and shall be a portion of the security for the amounts secured by the Charge.

19. PARTIAL RELEASE

The Lender may release any part or parts of the Property or any other security or any surety for payment of all or any part of the monies secured by the Charge or may release the Borrower or any other person from any covenant or other liability to pay all or any part of the said monies, either with or without any consideration therefor, and without being accountable for the value or for any monies except those actually received by the Lender and without thereby releasing any other part of the Property, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Property, securities and covenants remaining unreleased shall stand charged with the whole of the monies secured by the Charge and all legal and other expenses incurred by the Lender in connection with such release or releases.

20. DEFAULT IN PRIOR CHARGES

Should default be made by the Borrower in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or other encumbrance to which the Charge is subject or subordinate, then and in that event the monies secured by the Charge shall forthwith become due and be payable, at the option of the Lender, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as provided.

21. PROHIBITION ON SUBSEQUENT CHARGES

The Borrower covenants and agrees not to mortgage, charge, encumber or borrow money on the security of the Property, without first obtaining the consent in writing of the Lender, which consent may be refused at the sole discretion of the Lender.

Should the Borrower enter into any charge of the Property in addition to the Charge without first obtaining the written consent of the Lender, then the monies secured by the Charge shall forthwith become due and be payable, at the option of the Lender, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as provided.

22. LIENS AND CONSTRUCTION

Upon the registration of any lien against the Property, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Lender, forthwith become due and payable. In the event that a construction lien is registered against the Property, the Lender shall have the right, but not the obligation, to pay into court such amounts as may be required to remove the lien from title to the Property. Any amounts so paid by the Lender, together with all expenses incurred by the Lender in connection therewith, including all solicitor's charges or commissions, on a full indemnification basis, shall be added to the debt secured by the Charge and shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith on demand.

23. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Borrower shall not permit waste to be committed or suffered on the Property and the Borrower shall maintain the buildings or other improvements on the Property in good order and repair to the satisfaction of the Lender and will not permit or suffer them to become or remain vacant and the Lender may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Property, and the cost of repair, construction or reconstruction shall be added to the debt secured by the Charge and shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith on demand.

24. INSPECTION

The Lender, its agent, employees, and independent contractors may, at any time, enter upon the Property to fully inspect the Property and where deemed necessary and/or advisable by the Lender, and, notwithstanding section 16 of the Charge, to conduct investigations including intrusive testing and sampling on the Property for the purpose of determining the presence of or the potential for environmental contamination and the reasonable cost of such inspection shall be added to the debt secured by the Charge and shall bear interest at the Applicable Interest Rate, and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith on demand.

25. ALTERATIONS

The Borrower covenants and agrees with the Lender that the Borrower shall not make or permit to be made any alterations or additions to the Property without the prior written consent of the Lender.

26. PROHIBITION AGAINST RENTAL

(a) When used in the Charge, "Tenant" shall have the meaning set out in Section 1 of the *Tenant Protection Act*, 1997, S.O. 1997, c. 24, as amended.

(b) The Borrower represents, warrants, covenants and agrees that no part of the Property is rented or occupied by a Tenant and further covenants and agrees not to rent, lease, enter into a tenancy agreement of or allow occupancy by a Tenant of the whole or any part of the Property (any of the above being referred to as "Renting") without first obtaining the consent in writing of the Lender which consent may be refused at the sole discretion of the Lender; further the Borrower covenants and agrees not to enter into any negotiations with respect to Renting without the prior consent in writing of the Lender, which consent may be refused, restricted or made conditional at the sole discretion of the Lender; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Borrower covenants and agrees to abide by such restrictions or conditions;

(c) The Renting of the whole or any part of the Property without the prior written consent of the Lender shall be deemed to have been done with the object of discouraging the Lender from taking possession of the Property on default or adversely affecting the value of the Lender's interest in the Property within the meaning of Section 52(1) of the Mortgages Act.

(d) In the event that any of the covenants contained in this section shall be breached then, at the option of the Lender, all monies hereby secured with accrued interest thereon shall forthwith become due and payable;

(e) If the whole or any part of the Property is rented to a Tenant with or without the written consent of the Lender, at such time as the Lender is entitled to enforce its rights under the Charge by reason of default of the Borrower, the Lender may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the co-operation of such Tenant in selling the Property, showing the Property and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on this security and the amount so paid shall be added to the debt hereby secured and be a charge on the Property and shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith by the Borrower to the Lender; the Borrower hereby irrevocably appoints the Lender to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Borrower with respect to all or any part of the Property and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Borrower which it, as Lender, may consider desirable;

27. ASSIGNMENT OF LEASES AND RENTS

(a) In the event that the Property is rented to a Tenant, the Borrower assigns, transfers and sets over to the Lender, all the right, title and interest of the Borrower in and the full benefit of the rents and all covenants and obligations of the Tenant, and the full benefit and advantage of all covenants and obligations of and all rights against each and every covenantor, guarantor and indemnifier of the Tenant's obligations, all of which are in this section collectively referred to as the "Assigned Rights".

(b) Nothing in this section shall obligate the Lender to assume or perform any obligation of the Borrower to any third party in respect of or arising out of any or all of the Assigned Rights and the Borrower shall indemnify and save harmless the Lender from any and all claims of such third parties. The Lender may, at its option, assume or perform any such obligations as the Lender considers necessary or desirable to obtain the benefit of the Assigned Rights free of any set off, deduction or abatement and any money expended by the Lender in this regard shall form part of the Liabilities and bear interest at the Applicable Interest Rate, and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge, and shall be payable forthwith by the Borrower to the Lender, on demand and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of sale and shall entitle the Lender to exercise the power of sale and all other remedies hereby given.

(c) The present assignment and transfer although expressed to be absolute and intended to be so shall be held by the Lender as continuing collateral security to the Lender for the payment of the ultimate balance of the Liabilities and performance by the Borrower of all of its obligations under the Charge, this assignment, and any other security for the Liabilities held at any time by the Lender, and upon satisfaction of the Liabilities and performance of such obligations shall at the Borrower's expense be re-assigned to the Borrower. The registration of a full discharge of the Charge shall operate as a release and reassignment to the Borrower of all the Lender's rights under this section.

(d) The Borrower covenants, at the Lender's request, to execute and deliver all such further assurances and assignments and to provide copies and/or details of the lease as the Lender shall from time to time reasonably require; and to cause prompt action, including legal proceedings for the protection, recovery or enforcement of any of the Assigned Rights or the lease and all other remedies available to Borrower thereunder, to be commenced as soon as reasonably necessary to protect the Borrower's interest.

(e) The Borrower agrees to assign each lease to the Lender upon request should the Lender deem such assignment advisable for the protection of its security, such assignment to be on a form to be prepared by the Lender's solicitors.

(f) Provided that the Lender has consented to each lease, until default in the payment of any or all of the principal or interest thereon, or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge ("Default") the Borrower shall be entitled to receive all rents which are due and payable and to exercise its rights with respect thereto and generally with respect to the lease and shall not be liable to account therefor to the Lender, but subject to the provisions hereof.

(g) In the event of Default, then in addition to the rights hereby assigned to the Lender the Lender may but shall not be obligated to collect the rents, and/or manage the Property and otherwise exercise all rights of the Borrower under the lease.

(h) The Lender is authorized in the name of the Borrower (but shall not be bound) to take from time to time any proceeding which in the opinion of the Lender or its counsel may be expedient for the purpose of collecting rents or for securing the payment arising under the lease, to demand and receive the same and to give receipts, to compound, compromise or submit to arbitration any dispute which has arisen or may arise in respect of the Assigned Rights, and any settlement arrived at shall be binding upon the Borrower.

(i) The Lender shall have the power to apply all monies received pursuant to the Assigned Rights in such order as the Lender may reasonably determine, to the payment of the Liabilities and also toward the payment of any and all sums, monies, costs, charges and expenses incurred by the Lender in the exercise of any of its rights and all reasonable expenses for the care and management of the Property, including taxes, insurance, assessments, usual and customary commissions to a real estate broker for leasing real estate and collecting rents, if any, and all expenses and fees of all solicitors on a full indemnification basis, agents and servants which expenses may be reasonably necessary to exercise the powers granted to the Lender hereunder.

(j) The Lender's obligations as to any rents or other amounts actually collected shall be discharged by application of such rents or other amounts for any of the purposes described in this section. The Lender shall not be liable for uncollected rents or other amounts or for any claim for damages or set-off arising out of the Lender's management of the Property. The Lender shall not be liable to any Tenant for the return of any security deposit made under any lease, unless the Lender shall have received such security deposit from the Borrower or such Tenant. The Lender shall not by reason of this assignment or the exercise of any right granted herein be responsible for any act committed by the Borrower, or any breach or failure to perform by the Borrower with respect to the lease or any of the Assigned Rights. Nothing contained herein shall be deemed to have the effect of making the Lender a mortgagee in possession of all or any part of the Property.

(k) The Lender may at any time after Default, with respect to any or all Assigned Rights, give to the Tenant or other person from whom the Borrower would have been entitled to receive or claim any benefit under the Assigned Right in question (herein called the "Other Party") express notice in writing of this assignment, and thereafter the Lender shall be entitled to the benefit of section 53(1) of the *Conveyancing and Law of Property Act,* R.S.O. 1990, Ch. C.34. Without limiting the foregoing the Lender may, after giving such notice, deal with the Other Party in respect of the Assigned Right in question without reference to or consent of the Borrower, as if the Lender were the absolute owner of the Assigned Right.

(l) The Borrower directs all Tenants to pay the rents to the Lender when requested by the Lender to do so, and the payment of such rents to the Lender shall be and operate as a discharge of such rents to the Lender.

28. NON-MERGER

The taking of a judgement on any of the covenants contained in the Charge shall not operate as a merger of that covenant or affect the Lender's right to interest at the rate and times provided in the Charge; and further such judgement will provide that interest on the judgement will be computed at the Applicable Interest Rate and in the same manner as provided in the Charge until that judgement has been fully paid and satisfied.

29. RIGHTS ON DEFAULT

In the event of default in the payment of any instalment of principal, interest or taxes secured by the Charge or any other monies payable under the Charge by the Borrower or on breach of any covenant, proviso or agreement contained in the Charge after all or any part of the monies secured by the Charge have been advanced the Lender may at such time or times as it may deem necessary and without the concurrence of any other person enter the Property and, may make arrangements for:

(i) completing the construction of, repairing or putting in order any buildings or other improvements on the Property,

(ii) inspecting, taking care of, leasing, collecting the rents of, and managing generally the Property, and

(iii) environmental remediation to bring the Property into compliance with recognized environmental standards, statutory or otherwise, as it may deem expedient,

and all costs, charges and expenses including allowances for the time and service of any employee of the Lender or other person appointed for the above purposes shall be forthwith payable by the Borrower to the Lender on demand, and shall be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall bear interest at the Applicable Interest Rate until paid.

30. OBLIGATIONS SURVIVE SALE

No sale or other dealing by the Borrower with the Property or any part thereof shall in any way change the liability of the Borrower or in any way alter the rights of the Lender as against the Borrower or any other person liable for payment of the monies secured by the Charge.

31. DUE ON SALE

In the event of the Borrower, either directly or indirectly, selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Property then, at the option of the Lender, all monies secured by the Charge shall forthwith become due and payable.

32. PRIOR ENCUMBRANCES

The Lender may pay the amount of any encumbrance, lien or charge existing now or existing after the date of the Charge, or to arise or to be claimed upon the Property having priority over the Charge, including, without limitation, any taxes, utility charges or other rates on the Property, any construction lien, or any amounts payable to a Condominium Corporation, and may pay all costs, charges and expenses and all solicitor's charges or commissions, on a full indemnification basis, which may be incurred in taking, recovering and keeping possession of the Property and generally in any proceedings; or steps of any nature whatever properly taken in connection with or to realize upon this security, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies payable by the Borrower under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other monies paid under the Charge by the Lender shall be added to the debt secured by the Charge and be a charge on the Property and shall bear interest at the Applicable Interest Rate, and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge, and shall be payable forthwith by the Borrower to the Lender, on demand and the non-payment of such amount shall be a default of payment within the meaning of those words in the paragraph dealing with power of sale and shall entitle the Lender to exercise the power of sale and all other remedies hereby given. In the event of the Lender paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the monies advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is hereby authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

33. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Lender incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Home Warranties Plan Act*, R.S.O. 1990, c. 0.31, as amended (the "ONHWPA"), including, without limitation, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Property or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the debt secured by the Charge and shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge and shall be payable forthwith by the Borrower to the Lender on demand.

34. EXTENSIONS

No extension of time given by the Lender to the Borrower, or anyone claiming under the Borrower or any other dealing with the owner of the Property, shall in any way affect or prejudice the rights of the Lender against the Borrower or any other person liable for the payment of the monies hereby secured.

35. DISCHARGE

The Lender shall have a reasonable time after payment in full of the monies secured by the Charge within which to prepare and register a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as set out in this Charge will continue to run and accrue until actual payment in full has been received by the Lender and all legal costs on a full indemnification basis, and other expenses for the preparation and registration of such discharge or assignment and any administrative charge or fee of the Lender shall be paid by the Borrower.

36. OTHER SECURITY

(a) The Charge is in addition to and not in substitution for any other security held by the Lender including, without limitation, any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Lender may pursue its remedies under other security held or under the Charge either concurrently or successively at its option. Any judgement or recovery under the Charge or under any other security held by the Lender for the monies secured by the Charge shall not affect the right of the Lender to realize upon this or any other such security.

(b) Without limitation, the Charge is in addition to, and not in substitution for, any other charges now or hereafter held by the Lender over the Property as security for monies secured under the Charge or any other monies due to the Lender. It is understood and agreed that the aggregate of principal amounts secured by the Charge and any such other charges shall be the aggregate of the Principal Amount of the Charge and the principal amounts secured under any such other charges.

37. PLACE OF PAYMENT AND WITHHOLDINGS FROM PAYMENTS

(a) **Place of Payment**. All such payments secured by the Charge shall be made in lawful money of Canada at the branch of the Lender designated in the Charge or Relevant Bank Document, or at such other place as the Lender may designate in writing to the Borrower.

(b) **Withholdings from Payments**. If the Borrower is required by law to make any deduction or withholding from any sum payable by the Borrower to the Lender under the Charge, then the sum payable by the Borrower in respect of which such deduction or withholding is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the Lender receives and retains (free from any liability in respect of such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or been required to be made; and the Borrower shall pay the full amount to be deducted or withheld to the relevant taxation or other authority within the time allowed for such payment under applicable law and shall deliver to the Lender within thirty days after the Borrower has made such payment to the applicable authority a receipt issued by such authority evidencing such payment.

(c) **Tax on Loan**. The Borrower shall pay to the Lender, on demand, the amount of any income, corporate, withholding, or similar taxes (other than the Lender's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Lender may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Lender at the rate and compounded in the manner provided in the Charge.

38. SPOUSE'S CONSENT

The spouse of the Borrower named in the Charge consents to the transaction evidenced by the Charge and releases all interest in the Property to the extent necessary to give effect to the rights of the Lender under the Charge, and agrees that the Lender may, without further notice, deal with the Property and the debt created by the Charge as the Lender may see fit.

39. FAMILY LAW ACT

The Borrower covenants and agrees that:

(a) the Borrower or the owner from time to time of the Property will advise and keep advised the Lender as to whether the Borrower or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Borrower's spouse, and of any change in the Borrower's spousal status or in the status of the Property as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Borrower will furnish the Lender with such evidence in connection with any of the matters referred to in clause (a) above as the Lender may from time to time require, including, without limitation, the Borrower's and the Borrower's spouse's name, address and birth date and the Borrower's and the Borrower's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Lender from time to time on request all information in its possession relative to any marriage, divorce or death of the Borrower or the Borrower's spouse, and on default in providing such evidence and authorization the Principal Amount, interest and all other monies secured by the Charge shall, at the option of the Lender, forthwith become due and payable.

40. SEVERABILITY OF ANY INVALID PROVISIONS

In the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute or regulation thereunder or any other applicable law, or would by reason of the provisions of any such statute or regulation or other applicable law render the Lender unable to collect the amount of any loss sustained by it as a result of making the advances secured by the Charge which it would otherwise be able to collect under such statute or regulation or other applicable law, then such provision shall not apply and shall be construed so as not to apply to the extent that it is illegal, invalid or inconsistent or would render the Lender unable to collect the amount of any such loss.

41. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

No failure to enforce at any time or from time to time any of the rights of the Lender under the Charge shall prejudice such rights or any other rights of the Lender; no performance or payment by the Lender in respect of any breach or default under the Charge of the Borrower shall relieve the Borrower from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Lender shall prejudice such rights in the event of any future default or breach.

42. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

(a) The Borrower hereby represents and warrants to the Lender that:

(i) there is not in, on or about the Property any product or substance or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment;

(ii) to the best of the knowledge of the Borrower, no circumstance has existed on the Property or exists or has existed on any land adjacent to the Property which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(iii) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Property; and

(iv) the Property is being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

(b) The Borrower hereby covenants and agrees with the Lender as follows:

(i) the Borrower shall give the Lender immediate notice of any material change in circumstances in respect of the Property or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(ii) the Borrower shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Property which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

(c) The Borrower further covenants and agrees with the Lender at all times promptly to observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, contaminants, wastes, hazardous or toxic materials, building construction, public health and safety, and all private covenants and restrictions affecting all or any portion of the Property and the Borrower shall from time to time, upon request of the Lender, provide to the Lender evidence of such observance and compliance and pay immediately when due the cost of removal of any such contaminants, wastes and materials, and shall at its own expense make any and all improvements or alterations to the Property structural or otherwise and shall take all other action as may be required at any time by any present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Borrower shall cause its agents, invitees and permitted Tenants to comply with all the foregoing at their own expense.

(d) The Borrower shall indemnify and hold the Lender (and its directors, officers, employees and agents) harmless from and against all loss, cost, damage or expenses (including, without limitation, legal fees and costs on a full indemnification basis incurred in the investigation, defence and settlement of any claim) due to the Borrower's failure to comply with any of the covenants and agreements in this section, or due to the presence of any contaminant, waste, mould or hazardous or toxic material referred to in this section, as well as any lien or priority asserted with respect thereto, and this indemnity shall survive the discharge of the Charge or the release from the Charge of part or all of the Property.

43. CONDOMINIUMS

If the Charge is of a unit or units within a Condominium the following provisions shall apply:

(a) The Borrower covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Borrower by the Condominium Act and by the Declaration, the by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Borrower's ownership of the Property. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge.

(b) Without limitation, the Borrower covenants and agrees that the Borrower will pay promptly when due any contributions to common expenses required of the Borrower as an owner of the Property and in the event of default in doing so the Lender, at its option, may pay the same and the amount paid shall be added to the debt secured by the Charge and shall be a charge on the Property and shall bear interest at the Applicable Interest Rate from the time of such payments, and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge, and shall be payable forthwith by the Borrower to the Lender on demand, whether or not any payment in default has priority to the Charge or any part of the monies secured by the Charge.

(c) The Borrower irrevocably authorizes and empowers the Lender to exercise the right of the Borrower as an owner of the Property to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

- (i) the Lender may at any time or from time to time give notice in writing to the Borrower and the Condominium Corporation that the Lender does not intend to exercise the right to vote or consent and in that event until the Lender revokes the notice the Borrower may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;
- (ii) the Lender shall not by virtue of the assignment to the Lender of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Borrower; and
- (iii) the exercise of the right to vote or consent shall not constitute the Lender a mortgagee in possession.

(d) The Borrower covenants and agrees to advise the Condominium Corporation to send all notices which would be sent to the Borrower by the Condominium Corporation to the Lender and to notify the Lender of any breaches by the Condominium Corporation that come to the attention of the Borrower in order that the Lender is kept fully informed.

44. RECEIVERSHIP

Notwithstanding anything contained in the Charge, at any time and from time to time when there shall be default under the provisions of the Charge, the Lender may, at such time and from time to time and with or without entry into possession of all or any part of the Property, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Lender or not, to be a receiver (which term as used herein includes a receiver and manager and also includes the plural as well as the singular) of all or any part of the Property, and of the rents and profits of the Property, and with or without security, and may from time to time by similar writing remove any receiver and appoint another in such receiver's stead, and that, in making any appointment or removal, the Lender shall be deemed to be acting as the agent or attorney for the Borrower, but no appointment shall be revocable by the Borrower. Upon the appointment of any receiver from time to time the following provisions shall apply:

(a) Every receiver shall have unlimited access to the Property as agent and attorney for the Borrower (which right of access shall not be revocable by the Borrower) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Borrower) to:

- (i) collect the rents and profits from tenancies whether created before or after these presents;

(ii) rent any portion of the Property which may be or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;

(iii) complete the construction of any building or buildings or other erections or improvements on the Property left by the Borrower in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Borrower's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description;

(iv) manage, operate, repair, replace, alter or extend all or any part of the Property; and

(v) sell, in whole or in part, the Property by public auction or private contract, on terms and conditions deemed appropriate by the receiver, including as to credit.

The Borrower undertakes to ratify and confirm whatever any receiver may do in the Property.

(b) The Lender may at its discretion vest the receiver with all or any of the rights and powers of the Lender.

(c) The Lender may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Property.

(d) Every receiver shall be deemed to be the agent or attorney of the Borrower and, in no event, the agent of the Lender and the Lender shall not be responsible for the receiver's acts or omissions.

(e) The appointment of any receiver by the Lender shall not result in or create any liability or obligation on the part of the Lender to the receiver or to the Borrower or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Lender a mortgagee in possession of the Property.

(f) No receiver shall be liable to the Borrower to account for monies other than monies actually received by the receiver in respect of all or any part of the Property and out of the monies so received every receiver shall, in the following order, pay;

(i) the remuneration of the receiver;

(ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority conferred;

(iii) interest, principal and other money which may, from time to time, be or become charged upon the Property in priority to the Charge, including taxes;

(iv) to the Lender, all interest, principal and other monies due under the Charge to be paid in an order as the Lender in its discretion shall determine; and

(v) every receiver shall be accountable to the Borrower for any surplus.

The remuneration and expenses of the receiver shall be added to the debt secured by the Charge and be a charge on the Property and shall bear interest at the Applicable Interest Rate, and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge, and shall be payable forthwith by the Borrower to the Lender on demand.

(g) Save as to claims for accounting under clause (f) of this section, the Borrower releases and discharges any receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Borrower or any person claiming through or under the Borrower by reason or as a result of anything done by the receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) The Lender may, at any time and from time to time, terminate any receivership by notice in writing to the Borrower and to any receiver.

(i) The statutory declaration of an officer of the Lender as to default under the provisions of the Charge and as to the due appointment of the receiver pursuant to the terms of the Charge shall be sufficient proof of appointment for the purposes of any person dealing with a receiver who is ostensibly exercising powers provided for in the Charge and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) The rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Lender may have.

45. LENDER EXPENSES

The Borrower agrees to pay the necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection with the Charge, and of any amendment or renewal of the Charge, and of anything done in connection with the enforcement of the security granted by the Charge or the procuring of the payment of any monies payable under the Charge, including, without limitation, all solicitors' fees, on a full indemnification basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Lender on the title to the Property and all costs and expenses valuing the Property in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. Such amounts shall be added to the debt secured by the Charge and shall be paid forthwith on demand and until paid shall bear interest at the Applicable Interest Rate and shall, with such interest, be a charge on the Property prior to all claims thereon registered or arising subsequent to the Charge.

46. SECTION HEADINGS

The section headings in the Charge are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of all or any part of the Charge.

47. DATE OF CHARGE

The Charge, unless otherwise specifically provided, shall be deemed to be dated as of the date of registration of the Charge.

48. EFFECT OF DELIVERY (applicable in the Case of Charge in Electronic Format)

The delivery of the Charge for registration by direct electronic transfer shall have the same effect as if such Charge were in a written form, signed by the parties to the Charge and delivered to the Lender. Each of the Borrower and, if applicable, the spouse of the Borrower, and any other party to the Charge, agrees not to raise in any proceedings by the Lender to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

49. GUARANTEE

If a party is named as a Guarantor in the Charge, the provisions attached as Appendix A shall apply.

APPENDIX A - GUARANTEE

If a party is named as a guarantor in the Charge, the following provisions apply:

IN CONSIDERATION of the Lender making loans, advances or other extensions of credit (collectively, a "Loan") to the Borrower secured by this Charge (as the same may be amended, supplemented, modified, varied, extended, renewed or replaced at any time and from time to time, the "Charge") charging the Property, and for other good and valuable consideration, each of the undersigned (each, a "Guarantor") hereby agrees with the Lender as follows.

1. **Guarantee and Covenant.** Each Guarantor hereby:

   (a) guarantees the payment by the Borrower to the Lender of all the Liabilities of the Borrower secured by or payable under the Charge and/or under the Bank Documents, present or future, direct or indirect, absolute or contingent, matured or not, including without limitation principal, interest, taxes, fees and expenses, as and when the same are due and payable under the Charge or Bank Documents (the "Guaranteed Amounts"); and

   (b) covenants and agrees to observe and perform all other covenants and obligations of the Borrower under the Charge and Bank Documents as and when the same are required to be observed or performed under the Charge or under the Bank Documents (the "Guaranteed Covenants");

   in each case without any demand required to be made. The obligations of the Borrower to pay the Guaranteed Amounts and perform and observe the Guaranteed Covenants are hereinafter collectively referred to as the "Guaranteed Obligations."

2. **Obligations Joint and Several.** If there is more than one Guarantor, the obligations of the Guarantors hereunder shall be joint and several; and any reference herein to "the Guarantor" is to each and every such Guarantor.

3. **Right to Prepay.** The *Interest Act* (Canada) and the *Mortgages Act* (Ontario) each permits the prepayment of charges with three (3) months' further interest once five (5) years have elapsed from the date of the charge. Each Guarantor acknowledges and agrees that:

   (a) the Guarantor, if an individual, waives such statutory rights and agrees that he or she shall not be considered a "person liable to pay or entitled to redeem" the Charge within the meaning of subsection 10(1) of the *Interest Act* (Canada) or subsection 18(1) of the *Mortgages Act* (Ontario); and

   (b) if it is determined by a court of competent jurisdiction that notwithstanding subsection (a) the Guarantor is entitled to exercise these statutory rights, then for purposes of these statutory rights only, the date of the Charge, if renewed or extended, will be the renewal or extension date stipulated in the applicable renewal or extension agreement relating to the most recent renewal or extension of the Charge and not the original date of the Charge or some other earlier date.

4. **Actions Not to Affect Liability.** Without giving notice to or obtaining the consent or concurrence of any Guarantor, the Lender may:

   (a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the Guaranteed Obligations;

   (b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Borrower or otherwise (including without limitation by way of an automatic renewal or extension);

   (c) change the rate or rates of interest provided in the Charge, either during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such rate is calculated or determined, change from a fixed rate to a variable or floating rate or from a variable or floating rate to a fixed rate, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary, or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Property or any other security for the Loan;

(g) advance additional principal amounts to the Borrower pursuant to any provision of the Charge or any Bank Documents that permit the Borrower to borrow such additional principal amounts from the Lender, including without limitation principal amounts borrowed or re-borrowed under a revolving line of credit or other revolving credit facility;

(h) permit the Borrower to prepay the Loan in whole or in part or to skip one or more scheduled instalments of principal and interest or to pay more than one such scheduled instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge or Bank Documents that permit such prepayment, skipping or multiple payments or otherwise;

(i) accept compositions, compromises or proposals from the Borrower or otherwise deal with the Borrower or any other person (including without limitation the Guarantor or any other guarantor of the Guaranteed Obligations), any security (including without limitation the Charge) or the Property or any security as the Lender sees fit, including without limitation realizing on, releasing, accepting substitutions for or replacing any of the security for the Loan;

(j) release or discharge any Guarantor or one or more other co-covenantors or guarantors or Borrowers in respect of the Charge whether under this Guarantee or otherwise; or

(k) release any subsequent legal or beneficial owner of the Property from any liability for the Guaranteed Obligations or any of them or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Guarantor under this Guarantee, regardless of whether any such action has the effect of amending or varying the Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the Guaranteed Obligations. The Guaranteed Obligations and the liability of each Guarantor hereunder shall extend to and include the obligations of the Borrower under the Charge as so amended, renewed, extended or varied and the Guaranteed Obligations as so increased, expanded or altered without further action on the part of the Lender or the consent or concurrence of any Guarantor; and for greater certainty and without limiting the foregoing, if any rate of interest provided in the Charge is increased or otherwise altered, the Guaranteed Obligations and the liability of each Guarantor hereunder shall be extend to and include the obligation of the Borrower to pay interest at such increased or altered rate.

5. **Obligations Unaffected.** The obligations of the Guarantor hereunder shall be unaffected by:

(a) any lack or limitation of status or power, disability, incapacity, death, dissolution or other circumstances relating to the Borrower or any Guarantor or any other party;

(b) any irregularity, defect, unenforceability or invalidity in respect of the Loan, the Charge or any Bank Documents, or any indebtedness, liability or other obligation of the Borrower or any other party, including without limitation any defect in title to the Property;

(c) any release or discharge of the Guaranteed Obligations except by reason of their irrevocable payment and satisfaction in full;

(d) any judgement obtained against the Borrower, or the taking, enforcing, exercising or realizing on, or refusing or neglecting to take, enforce, exercise or realize on, or negligence in taking, enforcing, exercising or realizing on, any security (including without limitation the Charge and any money on deposit and any guarantee) or any right or remedy, from or against the Borrower or any other party or their respective assets or releasing or discharging, or failing, refusing or neglecting to maintain, protect, renew or perfect, any security (including without limitation any money on deposit or any guarantee) or any right or remedy;

(e) any law, regulation or decree now or hereafter in effect which might in any manner affect any of the terms or provisions of the Charge or this Guarantee or the Borrower or any Guarantor;

(f) any failure on the part of the Lender to perfect, maintain or enforce its rights whether due to its default, negligence or otherwise on the part of the Lender with respect to the Charge, or any other security granted to the Lender relating to the Charge or the Loan; and

(g) any other circumstances whatsoever (with or without notice to or the knowledge of the Guarantor) which may or might in any manner or to any extent vary the risk of the Guarantor hereunder, or might otherwise constitute a legal or equitable discharge of a surety or guarantor;

it being the purpose and intent of each Guarantor that the liabilities and obligations of each Guarantor under this Guarantee shall be absolute and unconditional under any and all circumstances.

6. **Waiver of Subrogation.** Unless and until all the Guaranteed Obligations have been irrevocably paid and satisfied in full, the Guarantor shall not be subrogated to any of the rights or claims of the Lender in respect of any of the Guaranteed Obligations, or under any security agreement or guarantee or other instrument which may at any time be held by or on behalf of the Lender, and the Guarantor shall not seek any reimbursement from the Borrower.

7. **Continued Effectiveness and Reinstatement of Obligations.** The obligations of the Guarantor under this Guarantee shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment which would otherwise have reduced the obligations of the Guarantor or any of them under this Guarantee (whether such payment shall have been made by or on behalf of the Mortgagor or the Guarantor or any of them) is rescinded, or is reclaimed from the Lender, upon the insolvency, bankruptcy, liquidation, dissolution or reorganization of the Borrower or the Guarantor or any of them, or for any other reason. For greater certainty, if the Guaranteed Obligations include obligations of the Borrower under a revolving line of credit or other revolving facility, this Guarantee shall cover all obligations of the Borrower outstanding thereunder from time to time, whether or not the Borrower has increased or reduced the same by borrowing, repaying and reborrowing all or any portion of a Loan; and the obligations of the Guarantor under this Guarantee shall not be discharged or extinguished by reason only of the fact that the outstanding principal balance of the Loan under such revolving line of credit or facility shall have been repaid in full and additional amounts are subsequently reborrowed.

8. **No Obligation to Enforce.** The Lender shall have no obligation to enforce any rights or remedies or security or guarantees or to take any other steps against the Borrower or any other party or any assets of the Borrower (including without limitation the Property) or of any other party before being entitled to demand payment or performance by any Guarantor of its obligations under this Guarantee.

9. **Termination of Liabilities.** Any Guarantor may, by notice in writing delivered to the manager of the branch or agency of the Lender receiving this instrument, terminate his, her or its liability under this Guarantee with effect from and after the date (the "termination date") that is 30 days following the date of such notice, in respect of Guaranteed Obligations incurred or arising at any time on or after the termination date but not in respect of any Guaranteed Obligations incurred, arising or existing before the termination date, even though not then matured; provided that such termination of liability shall extend only to Guaranteed Obligations that relate to the payment of principal of and interest on Loans made to the Borrower on or after the termination date but not to any other Guaranteed Obligations, whensoever incurred, arising or existing . Notwithstanding the foregoing, the Lender may fulfil any requirements of the Borrower under the Charge or any Bank Documents requested by the Borrower prior to the receipt of such notice, and any liabilities of the Borrower resulting from such fulfilment shall be added to the Guaranteed Obligations and shall be covered by this Guarantee. Termination of the liability of one or more of the Guarantors shall not affect the liability of any other Guarantor.

10. **Indemnity.** Each Guarantor shall indemnify and save harmless the Lender from and against all losses, costs and expenses which the Lender may sustain, incur or become liable for by reason of:

(a) the failure, for any reason whatever, of the Borrower to pay any amounts expressed to be payable pursuant to the provisions of the Charge or any Bank Documents, regardless of whether the Borrower's obligation to pay such amounts is valid or enforceable against the Borrower;

(b) the failure, for any reason whatever of the Borrower to perform any other obligation under the Charge, any Bank Documents or any other security for the Loan; or

(c) any act, action or proceeding of or by the Lender for or in connection with the recovery of such amounts or the performance of such obligations.

11. **Non-Execution by Other Parties.** This Guarantee shall be operative and binding upon every signatory of the Charge upon its execution and delivery by such signatory regardless of whether it has been executed by any other proposed signatory or signatories.

12. **Successors and Assigns.** This Guarantee shall extend to and enure to the benefit of the Lender and its successors and assigns and shall be binding upon each Guarantor and its heirs, executors, administrators, legal representatives, successors and assigns.

13. **Choice of Law and Submission to Jurisdiction.** This Guarantee shall be governed by and construed in accordance with the laws of the Province of Ontario. Each Guarantor irrevocably submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.

14. **Severability.** If any provision of this Guarantee is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect the legality, validity or enforceability of the remaining provisions of this Guarantee, or the legality, validity or enforceability of that provision in any other jurisdiction.

15. **Headings.** The division of this Guarantee into sections and the insertion of headings are for convenience of reference only and are not to affect the construction or interpretation of this Guarantee. Unless otherwise specified, words importing the singular include the plural and vice versa and words importing gender include all genders.

16. **Receipt of Copy.** Each Guarantor hereby acknowledges receipt of a copy of this Guarantee – Appendix A to the Standard Charge Terms, the Charge and the Standard Charge Terms which form part of the Charge.

Dated the 24th day of April, 2003.

NATIONAL BANK OF CANADA,
by its solicitors, McMillan Binch LLP

Per: ______________________

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200307 Coto

CIBC Mortgages

CLAUSES TYPES DE CHARGE
Filing No. 200308 Cote
Filing Date June 16 2003 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

FirstLine Mortgages

(Ontario)

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: CIBC Mortgages Inc.
Filing Number: Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule, if any.

1. DEFINITIONS

In this set of standard charge terms:
Act means the *Land Registration Reform Act, R.S.O. 1990, c.L.4,* (as amended or replaced);
borrower, you and **your** mean each person who signs the mortgage as chargor(s);
CIBC means Canadian Imperial Bank of Commerce;
CIBC Prime Rate means the annual rate of interest announced from time to time by CIBC as a reference rate for determining interest rates on Canadian Dollar loans in Canada;
CMHC means Canada Mortgage and Housing Corporation;
GEMI means GE Capital Mortgage Insurance Company (Canada);
interest adjustment date means the date specified in the registered document ;
lender, we, our and **us** mean CIBC Mortgages Inc., as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;
mortgage, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms;
principal amount means the amount set out in the registered document;
registered document means for the non-electronic paper based registration system, the Form 2 Charge/ Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, " your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in Section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.
Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages)

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date in the registered document, default and judgment, until the loan amount has been paid in full. When not in default, you shall have the privilege of changing your payment frequency to any one of the frequencies currently offered for your type of mortgage. Should you exercise this privilege, there may be an interest adjustment amount payable.

5. VARIABLE INTEREST RATE (Applicable only to Adjustable Rate Mortgages)

(a) Interest Rate

At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is payable monthly, calculated semi-annually not in advance and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

(i) If you have an Adjustable Rate Mortgage - Prime Minus, the interest rate payable by you specified in the registered document is a floating rate which is adjusted on the first day of each month. The first interest rate adjustment will not occur until three months from the interest adjustment date. The interest rate payable for each month shall be the rate per annum equal to the CIBC Prime Rate (the "mortgage prime rate") in effect on the first day of such month plus or minus the number of percentage points per annum, if any, indicated in the registered document.

(ii) If you have an Adjustable Rate Mortgage - Designer, the interest rate payable by you specified in the registered document is a floating rate which is adjusted daily as the mortgage prime rate changes from time to time. The interest rate payable for each month shall be the rate per annum equal to the mortgage prime rate plus or minus the number of percentage points per annum, if any, indicated in the registered document. The principal and interest payment will be recalculated every time the mortgage prime rate changes based on the current mortgage rate and the then remaining amortization period of the mortgage.

(iii) If you have an Open Adjustable Rate Mortgage, the interest rate payable by you specified in the registered document is a floating rate which is adjusted daily as the mortgage prime rate changes from time to time. The interest rate payable for each month of the term shall be the rate per annum equal to the mortgage prime rate in effect from time to time from the interest adjustment date. The principal and interest payment will be recalculated every time the mortgage prime rate changes based on the current mortgage prime rate and the then remaining amortization period of the mortgage.

(b) **How You May Determine the Interest Rate.**
The mortgage prime rate, the current mortgage rate payable and the principal and interest payment on the loan amount remain in effect until varied as provided under paragraph 5(a). Within a reasonable time after each change in the mortgage prime rate, we may mail to you, at your last known address according to our records, a notice of the changed mortgage prime rate, its effective date, the current mortgage rate and the changed principal and interest payment, if applicable, calculated semi-annually not in advance. The interest rate and payment amount will still vary under paragraph 5(a) even if we fail to send you such a notice or you fail to receive it. The mortgage prime rate in effect at any time is available at any branch in Canada of CIBC.

In the event that it may be necessary to prove the CIBC Prime Rate applicable at any time, it is agreed that the certificate in writing of CIBC Mortgages Inc. setting out the rate as at any time shall be deemed to be conclusive evidence as to the rate at such time.

(c) **Deferred Interest/Negative Amortization**
If your regular principal and interest payment is not sufficient to cover the interest accrued on the mortgage from one regular payment date to the next, then the interest still outstanding is called deferred interest. Deferred interest will be added to the outstanding principal balance of your mortgage. When deferred interest is added to your outstanding principal balance, negative amortization can occur. This means that the amortization period of your mortgage may increase rather than decrease. In addition, when deferred interest is added to the outstanding principal balance of your mortgage, the entire amount becomes principal and will bear interest at the current mortgage rate.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. REPAYMENT OF LOAN AMOUNT

(a) **Currency and Place**
You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) **Interest adjustment date**

(i) Interest on advances up to the interest adjustment date will be calculated in the manner and at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or deducted by us on the first regular mortgage payment date. If you have an Adjustable Rate Mortgage, interest will be calculated at the lesser of the rate specified in the registered document in effect on the date of advance or the initial rate set seven days prior to the date of advance.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) **Regular Payments**
You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document, starting with the first payment date until and including the last payment date. When not in default, you shall have the privilege of changing your payment date to any date currently offered for the applicable term for your type of mortgage. Should you choose to exercise this privilege, an interest adjustment amount maybe payable. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) **Payment Provisions on Default**
If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 22.

(e) **Bank Account for Payments**
You must maintain an account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7.

(f) **Principal Balance never to exceed 105% of Original Principal Amount**
(Applicable only to Adjustable Rate Mortgage - Prime Minus).

In the event that the total of the outstanding principal balance of the mortgage plus all regular and variable accrued interest thereon equals or exceeds 105% of the original principal amount, you shall be required to:

(i) increase the amount of your regular mortgage principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage;

(ii) make a lump sum payment on account of principal plus regular and variable accrued interest in order that the resulting balance not exceed 100% of the original principal amount for the remainder of the current term;

(iii) convert the mortgage to one having a fixed rate of interest, equal monthly payments for any term then being offered by us for *National Housing Act, R.S.C. 1985, c. N-11* (as amended or replaced) insured loans. There will be no charge for converting to the longer term. The rate will be the current posted rate for the appropriate term. The rate change will be effective on the first of the month following notification, in writing, of the requested modification; or

(iv) a combination of any of (i), (ii), or (iii) above.

If you are unable to do one of (i), (ii), (iii), or (iv) above, then at our option, the mortgage will immediately become due and payable.

(g) **Term/Amortization (Applicable only to Adjustable Rate Mortgage- Prime Minus)**
The annual interest rate specified in your mortgage is subject to variations as set out herein. The principal and interest payment, however, may be fixed during the term of the mortgage unless changed by you pursuant to the terms of your mortgage, if applicable. Payments are applied to the current interest on the outstanding principal owing up to the date of such payment and then the balance, if any, to the principal amount. If the mortgage prime rate increases, a larger portion of the regular payment will be applied to interest and a smaller portion to principal, with the result that the balance owing on the maturity date may be larger than the amount originally set out in your mortgage disclosure statement. If the interest rate rises above the trigger rate set out in your mortgage disclosure statement, your principal and interest payment will no longer cover the interest portion of your mortgage owing and the amortization period of the mortgage may increase. In such a case, you may be required to increase the amount of your regular principal and interest payment so that the mortgage will be repaid in full over the registered amortization period, less the amount of time that has elapsed since you took out the mortgage.

8. **HOW WE APPLY YOUR PAYMENTS**
Each of your regular payments will be used in the following order:

(a) to pay life insurance premiums payable in respect of the mortgage, if any;

(b) to bring into good standing any accounts in which funds are held pending payment to third parties or from which amounts are debited in respect of the mortgage, including tax accounts;

(c) to pay for the cost of optional services made available by us and selected by you, if any;

(d) to pay any collection expenses or any applicable administration or processing fees;

(e) to pay interest or reduce the interest (including any deferred interest, outstanding interest or late interest charges) on the principal amount accumulated to but not including the payment date; and

(f) to reduce the principal amount.

However, if you do not meet any of your obligations under the mortgage we may apply any payments or any other money we receive during the period of default in whatever order we may elect as amongst any amounts payable by you under the mortgage. The amount of interest in arrears may be obtained by contacting us.

9. **YOUR PREPAYMENT RIGHTS** (Applicable to all Mortgages)

(a) If the term of the mortgage is greater than five years and you are not a corporation, you may prepay the outstanding principal amount of the mortgage at any time after the end of the fifth year of the term. In this case, you agree to pay us, in addition to the outstanding principal amount and interest owing to the date of prepayment, an amount equal to three months' interest costs calculated at the existing annual interest rate on the date of prepayment on the amount prepaid.

(b) If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes, then you have no prepayment rights.

(c) Subject to the provisions of paragraphs 9(a) and 9(b) above, if you have complied with all your obligations under the mortgage and your property contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights, depending on the type of mortgage you selected:

9.I CONVERTIBLE MORTGAGES

(A) **If you have an Adjustable Rate Mortgage – Prime Minus or Adjustable Rate Mortgage – Designer or Standard Adjustable Rate Mortgage:**

(i) **PREPAYMENTS:**

When not in default, you shall have the privilege of paying additional amounts of principal, without notice or bonus or penalty, on any payment date. Such additional payments must each be in a minimum amount of $100, and taken together shall not exceed 20% of the original principal amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof.

This privilege is non-cumulative and does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this privilege in the 12 month period during which the mortgage is prepaid in full.

(ii) **MONTHLY PAYMENT ADJUSTMENT:**

When not in default, you shall have the privilege of increasing the amount of your regular principal and interest payment to any amount provided that the amortization period of your mortgage is not reduced to less than five years. You may also decrease the amount of your regular principal and interest payment provided that the resulting amortization period does not exceed the original amortization period less the time that has elapsed since you took out the mortgage. You may increase or decrease the amount of your regular principal and interest payment as set out above once during any 12-month period following the interest adjustment date or anniversary thereof.

(B) **If you have a Standard Adjustable Rate Mortgage:**

Any additional amounts of principal paid in excess of the 20% set out in 9.I(A) above will be subject to an administration fee equal to the equivalent of three months' interest on the amount being prepaid calculated using the interest rate applicable to your mortgage on the date of prepayment.

(C) **If you have an Adjustable Rate Mortgage – Designer or an Adjustable Rate Mortgage - Prime Minus:**

During the first three years of your mortgage term, any additional amounts of principal paid in excess of the 20% set out in 9.I(A) above will be subject to an administration fee equal to the equivalent of two months' interest on the amount being prepaid calculated using the interest rate applicable to your mortgage on the date of prepayment. The mortgage is fully open to prepayment in years 4 and 5 with no administration fee.

(D) **If you have an Open Adjustable Rate Mortgage**:

(i) **PREPAYMENTS:**

When not in default, you shall have the privilege of paying all or any part of the principal amount outstanding on your Open Adjustable Rate Mortgage without notice, bonus or penalty, on any regular mortgage payment date.

(E) **If you have an Auto 6 Plus, Auto 12 Plus, Convertible 6 or Convertible 12/Mortgage**:

(i) **SALE CLAUSE:**

The mortgage may be paid out in full at any time, upon a bona fide arm's length sale of your property with supporting documentation, upon payment of an administration fee equal to 1% of the amount of the outstanding principal balance plus any interest or other amounts owing up to the date of discharge.

(ii) **PARTIAL PREPAYMENT:**

When not in default, you shall have the privilege of paying additional amounts of principal, with no notice or bonus or penalty, on any payment date. Such additional payments must each be in a minimum amount of $100, and taken together shall not exceed 20% of the original principal amount of the mortgage if you have an Auto 12 Plus or Convertible 12 Mortgage or 10% of the original principal amount of the mortgage if you have an Auto 6 Plus or Convertible 6 Mortgage, during either the original term or during any renewal term of this mortgage.

This privilege is non-cumulative and does not apply if you prepay the principal amount of the mortgage in full.

(iii) **MONTHLY PAYMENT ADJUSTMENT:**
When not in default, you shall have the privilege of increasing the amount of your regular principal and interest payment, in an amount not to exceed 25% thereof, except for Auto 6 Plus and Convertible 6 Mortgages, where the amount cannot exceed 15%, once during any 12 month period following the interest adjustment date or anniversary thereof. This privilege is on a non-cumulative basis. You may also decrease the amount of your regular principal and interest payment once during any 12-month period following the interest adjustment date or anniversary thereof provided that the resulting amortization period does not exceed the original amortization period less the amount of time that has elapsed since you took out the mortgage. It is understood that the amount of the regular payment may never be less than the amount of the original principal and interest payment.

(iv) **FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY OTHER THAN ON A SALE:**
This mortgage is closed during its original term and during each renewal term. The only prepayments of principal which will be accepted during that period are those as outlined above.

9.II **FIXED RATE MORTGAGES**

(A) **If you have a fixed rate term mortgage with a term of 2-years or longer (except a Basic Mortgage):**

(i) **PARTIAL PREPAYMENT:**
When not in default, you shall have the privilege of paying additional amounts of principal, without notice, bonus or penalty on any payment date. Such additional payments must each be in a minimum amount of $100, and taken together shall not exceed 20% of the original principal amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof.

This privilege is non-cumulative and does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this privilege in the 12 month period during which the mortgage is prepaid in full.

(ii) **MONTHLY PAYMENT ADJUSTMENT:**
When not in default, once during each 12 month period following the interest adjustment date or any anniversary thereof, you shall have the privilege of increasing your regular principal and interest payment in an amount not to exceed 25% of the amount of the original regular mortgage payment. This privilege is on a non-cumulative basis. You may also decrease the amount of your regular principal and interest payment once during any 12 month period following the interest adjustment date or anniversary thereof provided that the resulting amortization period does not exceed the original amortization period less the amount of time that has elapsed since you took out the mortgage. It is understood that the amount of the regular payment may never be less than the amount of the original principal and interest payment.

(iii) **FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY:**
Subject to paragraphs 9 (a) and 9 (b) above, you may prepay all or some of the outstanding principal amount of your mortgage at any time before the maturity date by paying the higher of the following two amounts:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; or

- the interest rate differential amount. This amount is the difference between: i) the interest costs calculated to the maturity date of your mortgage at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and ii) the interest costs calculated to the maturity date of your mortgage at the interest rate currently charged by CIBC Mortgages Inc. for the FirstLine Mortgages brand on the date of prepayment for a mortgage similar to yours on the amount prepaid by you. A mortgage similar to yours has a term that is closest to the remaining term of your existing mortgage.

(B) **If you have a Basic Mortgage:**

(i) **PARTIAL PREPAYMENT:**
When not in default, you shall have the privilege of paying additional amounts of principal, without notice, bonus or penalty on any payment date. Such additional payments must each be in a minimum amount of $100, and taken together shall not exceed 15% of the original principal amount of the mortgage during any 12 month period following the interest adjustment date or each anniversary thereof.

This privilege is non-cumulative and does not apply if you prepay the principal amount of the mortgage in full. This is the case even if you have not yet used this privilege in the 12 month period during which the mortgage is prepaid in full.

(ii) **MONTHLY PAYMENT ADJUSTMENT:**
When not in default, once during each 12 month period following the interest adjustment date or any anniversary thereof, you shall have the privilege of increasing your regular principal and interest payment in an amount not to exceed 15% of the amount of the original regular mortgage payment. This privilege is on a non-cumulative basis. You may also decrease the amount of your regular principal and interest payment once during any 12 month period following the interest adjustment date or anniversary thereof provided that the resulting amortization period does not exceed the original amortization period less the amount of time that has elapsed since you took out the mortgage. It is understood that the amount of the regular payment may never be less than the amount of the original principal and interest payment.

(iii) **FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY:**
Subject to paragraphs 9(a) and 9(b) above, you may prepay all or some of the outstanding principal amount of your mortgage at any time before the maturity date by paying the higher of the following two amounts:

- three months' interest costs calculated at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; or

- the interest rate differential amount. This amount is the difference between: i) the interest costs calculated to the maturity date of your mortgage at your existing annual interest rate on the date of prepayment (plus any discount you received on your existing annual interest rate) on the amount prepaid by you; and ii) the interest costs calculated to the maturity date of your mortgage at the interest rate currently charged by CIBC Mortgages Inc. for the FirstLine Mortgages brand on the date of prepayment for a mortgage similar to yours on the amount prepaid by you. A mortgage similar to yours has a term that is closest to the remaining term of your existing mortgage.

10. **INCREASE AND BLEND (Not applicable to Auto 6 Plus and Convertible 6 Mortgages)**
Provided that our mortgage approval criteria, including those as to the borrower and the mortgage terms are met, you have the privilege of increasing the principal amount secured and/or extending the term of the mortgage at a rate of interest blended to reflect the existing mortgage rate, the prevailing rates, prepayment privilege fees and administration fees, if any.

11. **EARLY RENEWAL (Applicable to Fixed Rate Mortgages)**
In the event that the mortgage is amended to extend the term hereof, the date of the mortgage for the purpose of the application of ***Section 10 of the Interest Act (Canada)*** or any similar Federal or Provincial legislation permitting prepayment, shall be conclusively deemed to be the first day of the last extension of time for payment and the mortgage as amended shall not, at any time or times, be subject to prepayment, in whole or in part, save as may be herein provided.

If your property contains more than four living units or if your property is used in whole or in part for commercial, industrial or other non-residential purposes or if you have a 5 year term uninsured mortgage, then you have no right of early renewal.

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you may renew the mortgage before the balance due date set out the registered document. You must apply in writing to use this right of early renewal. You will be able to renew the mortgage by selecting from the mortgage options and programs that we offer at the time that you apply for early renewal and you must sign a mortgage amending agreement/early renewal agreement acceptable to us which will contain all amended terms, conditions and provisions of the mortgage. The interest rate payable by you will be our interest rate for the mortgage option and/or program selected by you in effect at the date that you sign the mortgage amending agreement/early renewal agreement. You agree to pay us any processing or administration fees to early renew, together with any accumulated interest which may result from a change in the frequency of the regular mortgage payments to be made. You also agree that you will pay all legal expenses with respect to the renewal documentation and its registration.

12. **AUTOMATIC RENEWAL OF MORTGAGE**
(I) If you have an Auto 6 Plus, Auto 12 Plus, Convertible 6 or Convertible 12 Mortgage: When not in default and further provided that you have maintained a satisfactory payment record, the mortgage shall automatically renew at the end of its original 6 or 12-month term and at the end of each subsequent 6 or 12-month renewal term into a new 6 or 12-month term, depending on the length of the original term.

The rate charged during each renewal term would be the lower of our posted rate on the renewal date for this type of mortgage or the guaranteed renewal rate.

We will mail a notice of the Guaranteed Renewal Rate to you 30 days prior to the end of the original term and of each renewal term of the mortgage. You may, at your sole option, terminate this automatic renewal clause and pay out the mortgage in full at the end of any term by notifying us of your decision to do so at least 15 days prior to the end of that term.

(II) If you have a mortgage with original term greater than 12 months: You agree to either pay the monies owing under the mortgage on the maturity date set out in the registered document or, if a renewal agreement has been provided, return the executed renewal agreement on or before the maturity date, failing which both you and we agree that the mortgage shall be deemed to be renewed as an Auto 6 Plus Mortgage/Convertible 6 Mortgage on the terms and conditions set out in the renewal agreement.

13. MORTGAGES WITH DEPOSITS

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at the 30-day deposit rate of CIBC. The deposit must be advanced within 120 days from the date of funding. If this is not done, you authorize us to apply the deposit on account of the mortgage principal and the monthly payment will be adjusted to reflect the lower principal balance. Interest will not be paid if the deposit is not released to you. You agree to sign an amending agreement which is to be registered on title to your property.

14. CONVERSION OPTION (Applicable only to Adjustable Rate Mortgages, Auto 6 Plus, Auto 12 Plus, Convertible 6, and Convertible 12 Mortgages)

(I) **If you have an Adjustable Rate Mortgage:**
Provided your property is owner occupied, the mortgage can be converted to one having a fixed rate of interest, equal monthly payments and for any term of three years or longer then being offered by us for *National Housing Act* insured loans. If your property is a rental property, a maximum conversion term of 5 years will be available. There will be no charge for converting.

(II) **If you have an Auto 6 Plus, Auto 12 Plus, Convertible 6 or Convertible 12 Mortgage:**
The mortgage, at your option, may be converted, by amendment thereof, without charge, to a term in excess of 1-year then being offered by us. The rate applicable to the mortgage as amended will be our then posted rate for the term selected.

To exercise the conversion privilege in either I or II above, written notice signed by you must be delivered to our Mortgage Servicing Division. The interest rate will be the current posted rate for the term selected. The new payments at the new interest rate will commence on the next scheduled payment date or the immediately following payment date as determined by us. Upon conversion, the provisions of paragraph 9.I will no longer apply to the mortgage as amended. An executed Amending/Modification Agreement may be requested, by us, but the written notice to us will be binding upon you and we shall be entitled to rely on it.

15. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 15(b)(xii), as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 27 (a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 27 and, in particular, under paragraph 27(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in this paragraph 15(b)(xiii) and appoint a new trustee or trustees.

16. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

17. INSURANCE (Paragraph 17 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their guaranteed replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money, which we pay for insurance, will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:
- (i) used to repair or rebuild your property;
- (ii) paid to you; and/or
- (iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

18. **PROPERTY TAXES**

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including without limitation, property taxes, school taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax instalment, based on the estimated annual taxes and anticipated future payments of taxes (as determined by us) that will be payable for the year following such regular mortgage payment date.

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 18(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. We do not have to hold any moneys which you send us under this paragraph 18 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may, if we wish, apply any moneys which we have received under paragraph 18 to any portion of the loan amount.

(e) Notwithstanding the provisions of this paragraph 18 we may, at our option, choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes on your property. You will provide us with all the receipted tax bills by the end of each calendar year, failing which you will repay to us the cost of obtaining such receipts and, if not paid, we will add such cost to the loan amount. If, for any reason, you do not pay the taxes when required, then paragraphs 18 (a) through (d) will apply.

19. **REPAIRS**

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph 19, then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

20. **NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE**

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. Even so, by signing the mortgage you have charged all of your interest in your property to us an you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for preparing and registering the mortgage.

21. **LEASES AND RENTS**

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option. You agree to keep us informed of the status of occupancy.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and

- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 21, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 21 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, C.m.40 (as amended or replaced).

22. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 15) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

23. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 20, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the *Construction Lien Act* , R.S.O. 1990, C.c.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

24. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

25. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

26. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

27. ENFORCING OUR RIGHTS

(a) **Remedies** - If you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** - We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale** - If your default continues for 15 days' we may, on at least 35 days' written notice to you as required by Part III of the *Mortgages Act* enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults** - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-Interference** - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** - All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees and those of CIBC.

(d) **Delay in Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

28. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 28 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 17.)

The corporation created by the registration of a declaration under the *Condominium Act*, R.S.O 1990, c.C.26 or the *Condominium Act*, S.O. 1998,c.C.19 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the *Condominium Act*, etc.** - You will comply with the *Condominium Act* and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the *Condominium Act* and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and add such amounts to your loan amount you will be in default under the mortgage.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** –

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the *Condominium Act* to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the *Condominium Act* to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the *Condominium Act* is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the *Condominium Act* ,declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the *Condominium Act*, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. We must approve the insurance company or companies. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

29. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with a copy of the registered Transfer/Deed of Land to the approved person or persons together with a guarantee agreement(s) (if required by us).

30. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

31. INSPECTION

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents have reason to believe that your property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GEMI and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

32. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest.

33. **GUARANTEE**

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may, at any time and from time to time, without the consent of or notice to any guarantor, give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrowers without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

34. **RESERVATION OF RIGHTS**

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

35. **DISCHARGE OF MORTGAGE**

Upon maturity or early full payment of this mortgage, a discharge or assignment, if requested by you, will only be delivered upon full payment being received by us in accordance with our latest issued and current discharge statement. For purposes of calculating per diem interest on a discharge, funds received after 3:00 p.m. on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us.

You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title and to pay the registration fee. If electronic registration is available for your mortgage, we may register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

36. **FEES**

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, payment frequency changes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the interest rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

37. **PORTABILITY**

If you have complied with all your obligations under the mortgage, upon written application by you, the bona fide arms length sale of your property and the purchase by you of another property (the "new property") within 90 days of such sale, we will provide financing for your purchase on the security of a mortgage (the "new mortgage") registered on title to the new property, provided that:

(a) on the date of completion of the sale of the property, an amount sufficient to pay the principal amount outstanding, together with interest to date of the new mortgage and any administration fees according to the prepayment provisions described in paragraph 9 above that apply to the mortgage will be held by our solicitor in trust to be released upon registration of the new mortgage within the 90-day period;

(b) If the new mortgage is not registered within 90 days of such sale, the amount referred to in (a) above, will be applied to prepay the mortgage in full and to pay any administration fees required in respect of this prepayment;

(c) You will continue to make regular mortgage payments as referred to in paragraph 7;

(d) The mortgage must be transferred to the new property with no changes in outstanding balance, interest rate, terms or any other conditions applicable herein; and

(e) our mortgage approval criteria, policies, procedures and documentation requirements in effect at the time you make your application for the new mortgage will apply to your application and must be met, including the CMHC or GEMI mortgage insurance requirements, if applicable, and you will be responsible for paying all applicable processing or administration fees, all legal and appraisal fees, CMHC or GEMI insurance premiums, and other expenses incurred in connection with the new mortgage.

38. ***FAMILY LAW ACT***

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made herein and in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, C.f.3 (as amended or replaced).

39. **DOCTRINE OF CONSOLIDATION**
The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

40. **DATE OF MORTGAGE**
You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of signature that appears in the registered document.

41. ***ONTARIO NEW HOME WARRANTIES PLAN ACT***
If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, c.O.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

42. **WHO IS BOUND**
Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

43. **PARTIAL INVALIDITY**
If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

44. **PARAGRAPH HEADINGS**
Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

45. ***NATIONAL HOUSING ACT***
All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c.N-11, as amended or replaced from time to time.

46. **MAKING MATERIAL CHANGE**
Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the mortgage term will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement but did not agree to the changes in writing.

47. **U.S.A. RESIDENT**
If you are or if during the term of your mortgage you become a resident of the United States of America (U.S.A.) for tax purposes, CIBC Mortgages Inc. is or will be subject to a tax payable to the Government of the U.S.A. on the interest it receives through your mortgage payments. The interest rate on your mortgage is or will be based on our normal lending rates multiplied by a factor of 1.1111 which offsets our obligations in this regard. This factor, however, is subject to change anytime during the term of your mortgage if the Government of the U.S.A. makes a change to the amount of tax to be paid.

Examples:
If you are a resident of the U.S.A. at the time that the mortgage is initially entered into and the normal lending rate is 6.250%, your registered mortgage rate will be 6.944% (i.e., 6.250% x 1.1111); or

If you become a resident of the U.S.A. during the term of your mortgage and your mortgage rate at the time when you become a resident of the U.S.A. is 6.250%, your new mortgage rate will be 6.944% (i.e., 6.250% x 1.1111).

48. **CLAWBACK CLAUSE (CASH BACK OFFER)**
If you have a mortgage which offered a "Cash Back" option and any of the terms and conditions of the original registered mortgage are amended or the mortgage is discharged, refinanced, ported, assumed or early renewed prior to its maturity date for any reason, you will repay CIBC Mortgages Inc. a portion of the cash amount received. The repayment is separate from any prepayment penalties or fees applicable to the mortgage and CIBC Mortgages Inc. may add the repayment amount to the principal amount owing under the mortgage at the time of the amendment, discharge, refinance, port, assumption or early renewal.

Dated at Toronto, this 27th day of May, 2003

Christie A. McNeill
Solicitor for CIBC Mortgages Inc.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200308 Cote

NBG
BANK

F.1003R/06-02/REV. *06-03*

STANDARD CHARGE TERMS

(Residential Properties of Five Units or Less)

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200309 Cote
Filing Date July 14 2003 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by:

NATIONAL BANK OF GREECE (CANADA)

Filing Date:

Filing No.

This set of standard charge terms shall be deemed to be included in every charge or mortgage of land in which this set of standard charge terms is referred to by the above filing number, as provided for by section 9 of the Land Registration Reform Act, irrespective of whether the charge is registered using a paper-based system of registration or if it is registered electronically.

1. DEFINITIONS

1.1 The following words and terms, as used in this document shall be defined as follows:

(a) **"Balance Due Date"** means the date stated in Box 9(i) of the Charge/Mortgage of Land, such date being the date on which the Chargor is required to repay all amounts secured by the Charge to the Chargee in full;

(b) **"Business Day or Days"** means any day or days on which both the Chargee and Chargor conduct business;

(c) **"Charge"** means these Standard Charge Terms, the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and any schedules to the said Charge/Mortgage of Land;

(d) **"Charged Property"** means the lands and premises described in Box (5) of the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and any schedules to the said Charge/Mortgage of Land;

(e) **"Chargee"** means National Bank of Greece (Canada), its successors and assigns;

(f) **"Charge/Mortgage of Land"** means the form designated by the Land Registration Reform Act as Form 2 which contains the legal description of the Charged Property and referentially incorporates these Standard Charge Terms;

(g) **"Chargor"** means any Person who signs the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and every successor and assign of the Chargor;

(h) **"Contaminant"** has the same meaning as ascribed to the term by section 1.(1) of the Environmental Protection Act (Ontario), as may be amended from time to time;

(i) **"Debit Balance"** means the amount by which the actual Taxes in any year exceed the amount estimated by the Chargee as the amount which must be paid by the Chargor to the Chargee pursuant to the Charge;

(j) **"Discharge"** has the same meaning as ascribed to the term by section 1.(1) of the Environmental Protection Act (Ontario) and section 1. of the Ontario Water Resources Act, as may be amended from time to time;

(k) **"Electronic Charge"** means a charge in an electronic format.

(l) **"Event of Default"** means any act, omission or any event described in Section 26 of these Standard Charge Terms;

(m) **"First Payment Date"** means the date stated in Box 9(f) of the Charge/Mortgage of Land;

(n) **"Government Legislation"** means every statute, act, regulation, by-law, ordinance or other measure adopted by any federal, provincial, regional, county, district or municipal government whatsoever, present and future, which affects the Charged Property or the interest of the Chargor in the Charged Property;

(o) **"Improvement"** means every present or future building, structure, fixture or other facility constructed on or under the Charged Property, in whole or part, and any alteration, reconstruction or expansion thereof;

(p) **"Interest Adjustment Date"** means the date stated in Box 9(d) of the Charge/Mortgage of Land or such other date that the Chargee and Chargor may agree to in writing to be the date on which the calculation of interest on the Principal Amount commences;

(q) **"Interest Rate"** means the rate of interest stated in Box 9(b) of the Charge/Mortgage of Land or any other rate as may be otherwise agreed to by the Chargee and Chargor in writing;

(r) **"Land Registration Reform Act"** means the Land Registration Reform Act, R.S.O. 1990, c.L.4, all regulations made thereunder and all amendments thereof and all successor statutes and regulations thereto;

(s) **"Last Payment Date"** means the date stated in Box 9(g) of the Charge/Mortgage of Land;

(t) **"Lease"** means every present and future written or oral agreement, whether private or prescribed by Government Legislation, for the use and occupancy of the Charged Property or any part thereof and every renewal, replacement, modification, revision, substitution or amendment of any such agreement, and any licence therefore;

(u) **"Lending Agreement"** means the commitment or commitment letter signed by each of the Chargee and the Chargor and any other written agreements between the parties which provide for a Charge on the Charged Property and the amendment, extension or renewal thereof;

(v) **"Maturity Date"** means the date stated in Box 9(i) of the Charge/Mortgage of Land or such other date as may be otherwise agreed to by the Chargee and Chargor in writing;

(w) **"Monthly Instalment"** means the amount stated in Box 9(h) of the Charge/Mortgage of Land, being a blended payment of principal and interest.

(x) **"Payment Date"** means, as stated in Box 9(e) of the Charge/Mortgage of Land, the day in each and every month from and including the First Payment Date to and including the Last Payment Date;

(y) **"Prime Rate"** means the floating annual rate of interest established and announced, from time to time, by the Chargee at the Chargee's main branch in Montreal, Quebec as the base rate the Chargee will use to determine rates of interest on Canadian dollar loans to the Chargee's customers in Canada and designated as the Chargee's prime rate;

(z) **"Principal Amount"** means the amount stated in Box 9(a) of the Charge/Mortgage of Land, which amount shall include the aggregate of all amounts advanced by the Chargee to the Chargor or to whom the Chargor directs in writing pursuant to the Lending Agreement and the Charge which have not been repaid to the Chargee;

(aa) **"Pro-Rated Tax Payment"** means the monthly portion of the Taxes determined by the Chargee as being payable by the Chargor together with the Monthly Instalment.

(bb) **"Receiver"** means a receiver or a receiver and manager, whether appointed by the Chargee pursuant to the provisions of this Charge or by an Ontario court of law;

(cc) **"Tax Due Date"** means the date stipulated by a taxing authority for the payment of a tax instalment after which date penalty interest is charged by the taxing authority on the unpaid tax;

(dd) **"Taxes"** means all taxes, levies, rates, assessments, or other amounts which are or may be imposed, charged, levied or liened on or against the Charged Property or the Chargee by Government Legislation;

(ee) **"Tenant"** means any person, company or other entity in occupation of the Charged Property with the permission of the Chargee under any leasing, occupancy or licence agreement;

(ff) **"Term"** means the term of the Charge and any renewals or extensions of the original term, which Term commences on the Interest Adjustment Date and ends on the Maturity Date;

2. EXCLUSION OF STATUTORY COVENANTS

2.1 The provisions of subparagraphs 1(iv) to 1(ix), inclusive, of Section 7 of the Land Registration Reform Act are hereby expressly excluded from this Charge and are replaced by these Standard Charge Terms.

3. CHARGE

3.1 In consideration of the Principal Amount being advanced or to be advanced by the Chargee to the Chargor or to whom the Chargor may direct in writing in accordance with the Charge and the Lending Agreement, as well as in consideration of all other debts and liabilities, present or future, absolute or contingent, matured or not, at any time owing by the Chargor to the Chargee arising from any dealings or proceedings in virtue of which the Chargee becomes in any manner whatsoever the creditor of the Chargor, wherever or however incurred, as principal or surety, the Chargor charges and mortgages the Charged Property to the Chargee until such time as all amounts secured by this Charge, including the Principal Amount and interest thereon at the Interest Rate (or the Interest Rate under any other Agreement, as applicable, including compounded interest accruing on that debt or liability, from time to time), and all costs, expenses and other charges, and interest thereon at the Interest Rate, to which the Chargee is entitled under the terms of the Charge are repaid or paid to the Chargee in full.

3.2 This Charge shall be void on receipt of payment by the Chargee at the address stated in Box 15 of the Charge/Mortgage of Land of the Principal Amount and all costs, expenses and other charges, and interest thereon at the Interest Rate, to which the Chargee is entitled in lawful money of Canada in accordance with the provisions of this Charge

4. ADVANCES

4.1 Neither the preparation, execution, delivery or registration of this Charge shall bind the Chargee to advance any portion of the principal amount secured by this Charge, nor shall the advance of a part of the principal amount secured by this Charge bind the Chargee to advance any non-advanced portion thereof.

4.2 The Chargor hereby authorizes and directs the Chargee to deduct any accrued interest, processing fees, costs permitted by the Lending Agreement, Taxes, public utility charges and legal costs, if any, from each and every advance made under this Charge.

4.3 Where the Chargee makes one or more advances of principal before the Interest Adjustment Date, interest shall be calculated thereon from the date of each advance and shall, at the option of the Chargee, become due and payable on the said Interest Adjustment Date, deducted from any subsequent advance or be collected from the Chargor on a monthly basis.

4.4 In the event that any advance or portion thereof made under this Charge is to be used to finance any improvements on the Charged Property or the supply of any materials or labour thereto or otherwise in connection therewith, the Chargor shall advise the Chargee in writing of the said fact prior to the advance of funds and hereby authorizes and directs the Chargee to withhold the greater of ten percent (10%) of the amount so advanced or the cost to complete the Improvements to the Charged Property.

Advances will be made on a cost of completion basis and attested to by the Chargor's authorized appraiser.

If improvements to the Charged Property have started prior to the registration of the Charge, the Chargee must provide satisfactory evidence that all work executed prior to the registration has been paid in full or will be paid from the proceeds of the initial advance.

The initial advance shall not be made until an interim certificate, signed by the appraiser and the authorized signing officer of the Chargor, is provided stating there are no funds owing to the general contractor, workmen, suppliers and subcontractors who have partially completed their work prior to registration.

Notwithstanding any commitment herein, all advances will be made upon receipt of a written Request to Advance. The Request to Advance must be signed by the contractor, the Chargee's appointed appraiser and the Chargor. It shall certify that all costs have been paid in full to date or shall be paid from the proceeds of the advance requested. The Chargor shall also provide invoices from the subcontractors and suppliers. The Chargee and its appraiser shall be authorized to make periodic inspections to verify the cost of the work executed and the cost to complete.

Holdback amounts shall not be released prior to 45 days after the date certified by the appraiser as the date upon which all the work has been completed. The appraiser's final certification must also state the cost of the work effected to completion. Such holdbacks will be released by the Chargee after such time as a search of the Land Registry confirms that no other charges have been registered against the Property. Advances will be effected upon receipt of releases or acquittances signed by all the subcontractors, suppliers and general contractor (as the case may be) supported by the appraiser's interim certificates of completion.

Any changes in the plans and specifications of the project must have the Chargee's written authorization unless the changes have no effect upon the Chargee's security.

5. REPAYMENT

5.1 The Chargor covenants with the Chargee that the Chargor shall pay to the Chargee, at the Chargee's address stated in Box 15 of the Charge/Mortgage of Land, in lawful money of Canada, the Monthly Instalment (or Monthly Instalment equivalent) consisting of the Principal Amount with interest thereon at the Interest Rate calculated half-yearly, not in advance, both before and after maturity, both before and after an Event of Default and both before and after judgment until paid, as follows:

(a) interest at the Interest Rate on the Principal Amount or such portion as may be advanced from time to time, calculated from the respective dates of such advances, shall become due and payable, and be paid by the Chargor to the Chargee starting on the First Payment Date and thereafter in accordance with this Charge; Provided that the Chargee may require the interest on any advances made prior to the Interest Adjustment Date under this Charge, calculated from the respective dates of such advances, to become due and payable in monthly instalments commencing on the date of the month next following the date of the month in which the advance is made and on the same date of each and every month thereafter or at the Interest Adjustment Date; and thereafter

(b) the Monthly Instalment consisting of the Principal Amount or such portion as may be advanced from time to time with interest thereon at the Interest Rate, calculated from and including the Interest Adjustment Date, shall become due and payable in an amount equal to the Monthly Instalment, together with any Pro-Rated Tax Payment, on each Payment Date in each and every month during the Term commencing on the First Payment Date and the balance, if any, of the Principal Amount and interest thereon and all other amounts secured by this Charge shall become due and be paid on the Maturity Date.

5.2 The aforesaid payments shall be applied first to expenses and disbursements reasonably incurred by the Chargee in connection with this Charge, secondly to interest calculated at the Interest Rate on the Principal Amount from time to time outstanding and the balance of the said payments shall be applied on account of principal; except, however, in the case of an Event of Default, the Chargee may apply any payments received during the period of such default in whatever order the Chargee may elect, in the Chargee's sole discretion, as between Taxes, interest, interest on late interest, repairs to the Charged Property, insurance premiums, legal costs, property management fees, appraisal costs or other advances made on behalf of the Chargor or as a result of the Event of Default.

5.3 Interest at the Interest Rate shall be payable on the Principal Amount, late interest and all costs, expenses and charges payable to the Chargee under this Charge.

5.4 Interest which is not paid when due shall, as to payment of interest thereon, be treated as principal and shall bear compound interest at the Interest Rate, both before and after maturity, both before and after an Event of Default and both before and after judgment until paid, to be computed with rests and paid on request commencing six months from the Interest Adjustment date and every six months thereafter in each and every year and all such interest shall be a charge on the Charged Property with the same priority as this Charge.

5.5 The Chargee shall be entitled to deduct any accrued interest on previous advances from any subsequent advance.

5.6 The Chargor shall pay in full the aforesaid amounts and any other amounts owing in connection with the terms of this charge without any deduction, abatement or set-off, whether equitable or otherwise and no other claim by the Chargor to damages, a deduction, abatement or set-off, whether equitable or otherwise, shall be a defence which would entitle the Chargor to avoid paying the amounts provided for herein as required by the terms of this charge.

6. CONTINUING OBLIGATION

6.1 The Chargor covenants and agrees that the Chargor shall continue to be liable for the repayment of all amounts secured by the Charge until all such amounts are repaid in full notwithstanding any:

(a) sale, transfer or assignment of the Charged Property or any beneficial interest in the Charged Property or the Chargor;

(b) renewal, extension, amendment or novation of the Charge on the Charged Property, even if the Chargor no longer owns the Charged Property or any part thereof.

7. RENEWALS AND EXTENSIONS

7.1 In the event that the Chargee agrees to renew or extend the Term of this Charge, such renewal or extension (and the interest rate, term and instalment stipulations of such renewal or extension) shall be binding on the Chargor, all subsequent encumbrancers and other persons with an interest in the Charged Property, regardless of when they acquire an interest in the Charged Property and any guarantors of the Chargor's liabilities to the Chargee under this Charge, and such renewal or extension shall take full priority over all such interests or claims, whether or not the renewal or extension, or notice thereof, is registered on title to the property, and whether or not the interest rate or payment amortization period applicable during the renewed or extended term is greater than or less than, or the same as the interest rate or amortization period applicable during the Term.

7.2 The Chargor covenants with the Chargee to, within thirty (30) Business Days after written request made therefore by the Chargee, deliver to the Chargee at the Chargor's expense, all postponements and other assurances as the Chargee may require to ensure that the Charge, as renewed or extended, has full priority over and is binding on the Chargor, all subsequent encumbrancers and other persons with an interest in the Charged Property and any guarantors of the Chargor's liabilities to the Chargee under this Charge.

7.3 Every renewal or extension shall be at the Chargor's expense including, without limitation, payment of the Chargee's legal expenses on a solicitor and a solicitor's own client basis.

7.4 No renewal or extension of this Charge, even if made by a successor or assign of the Chargor, shall release, abrogate or render any of the covenants, terms, conditions or provisos of this Charge, or the obligations and liabilities of the Chargor or any guarantor or surety, or any other security, unenforceable, void or a nullity, notwithstanding the renewal or extension.

8. PAYMENTS

8.1 The Chargor covenants with the Chargee that the Chargor shall open and maintain a bank account with a recognized financial institution in Canada and shall deliver to the Chargee, as and when required by the Chargee, in such form as the Chargee may reasonably require, a pre-authorized cheque or debit form duly executed by the Chargor together with a voided cheque attached thereto to facilitate the processing of each Monthly Instalment.

8.2 Should the Chargee agree that payments can be made by way of a cheque drawn on a recognized financial institution in Canada, all shall be received by the Chargee at or before 1:00 p.m. Toronto, Ontario time on the date that such payment is due.

8.3 Any payment received by the Chargee after 1:00 p.m. Toronto, Ontario shall be treated as having been received by the Chargee on the next following regular Business Day in Toronto for purposes of calculating interest under this Charge. The receipt of payment shall be the date on which the payment is actually received by the Chargee.

8.4 In the event of a default by the Chargor under this Charge, the Chargee shall have the right to require any payments made during the period of default to made by certified cheque, bank draft or money order, and the Chargee shall not be required to accept non-certified cheques or any promise to pay whatsoever.

9. PREPAYMENT PRIVILEGE

9.1 The Chargor acknowledges and agrees that there shall be no prepayment privilege during the Term of this Charge.

9.2 The Chargor covenants and agrees that if this Charge is discharged or repaid before the end of the Term for any reason, the Chargee shall be entitled to be paid, as a condition of giving any discharge:

(a) Three months interest on the balance of the Principal Amount then outstanding, calculated at the rate that interest is then payable under the Charge; or

(b) An interest differential adjustment in an amount which is calculated in accordance with the Chargee's then usual procedures and is based on the difference between:

(i) the Chargee's then current rate for mortgages having a term equal to the remaining period during which the balance of the Principal Amount is payable in regular instalments, and

(ii) the rate at which interest is then payable under the Charge

whichever shall be the greater of (a) or (b).

9.3 In addition to the foregoing, if the Chargor has a closed mortgage and the payments are all up to date, he/she may increase payments or acquit some of the Principal Amount owing by:

(a) paying an extra regular mortgage payment (principal, interest and taxes) on any regular payment date; and

(b) paying up to 15% of the original Principal Amount of the loan at any time, once each year, which cannot be saved for use in a later year. Each year is defined as the 12-month period starting from the anniversary date of the loan. If the term is less than 12 months, this prepayment option is not available.

10. PAYMENT OF OTHER CLAIMS

10.1 The Chargor covenants and agrees that the Chargor shall, at all times, keep every claim against the Charged Property, whether prior or subsequent in priority to the Charge, in good standing and make all payments required under any security given for such claim in accordance with the terms of that security.

11. TAXES

11.1 The Chargor covenants with the Chargee to pay all Taxes when they become due and payable, and in the event that Taxes are not so paid by the Chargor, the Chargee shall not be required to pay such Taxes as a pre-condition to exercising the Chargee's rights to enforce this Charge; provided that:

(a) the Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay any Taxes which may become due and payable as at the date of such advance;

(b) the Chargee may estimate the amount of the annual Taxes which will become due and payable and deduct from the final advance an amount which, when added to the Monthly Instalment to be paid by the Chargor prior to the due date for the payment of such Taxes, will enable the Chargee to pay the whole amount of such Taxes on or before the date for payment thereof, or if such Taxes are payable in instalments, on or before the date for payment of the first instalment thereof;

(c) after the final advance, the Chargee may estimate the amount of Taxes payable in each year and the Chargor shall pay to the Chargee one-twelfth of the estimated amount of Taxes next becoming due and payable on the date each month on which each Monthly Instalment is payable under this Charge, each payment being a Pro-Rated Tax Payment; and

(d) in any event, the Chargor shall pay to the Chargee an amount sufficient to enable the Chargee to pay all Taxes on or before the Tax Due Date, and the Chargor shall pay to the Chargee forthwith on demand the Debit Balance.

11.2 The Chargor agrees to deliver to the Chargee all tax bills and other notices which affect the imposition of Taxes within ten (10) Business Days after receipt thereof by the Chargor.

11.3 The Chargor acknowledges and agrees that the Chargee may charge interest at the rate of interest provided for by this Charge on the principal and any Debit Balance which remains after a payment of Taxes is made by the Chargee until such time as the Chargor pays the Debit Balance to the Chargee together with interest thereon.

11.4 The Chargee shall allow the Chargor interest at not less than the prevailing rate allowed by National Bank of Greece (Canada) on personal savings deposits with chequing privileges, as determined by the Chargee, on the minimum monthly balances standing in the mortgage account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited to the mortgage account at least once each calendar year; and the Chargor shall be charged interest at the lower of National Bank of Greece (Canada)'s Prime Rate plus two percent (2.00%) and the Interest Rate on any debit balance from time to time, if any, of Taxes in the mortgage account outstanding after payment of Taxes by the Chargee, until such debit balance is fully repaid.

11.5 The Chargor covenants and agrees with the Chargee that, in the event that the Chargee does not require the Chargor to remit prorated Taxes to the Chargee pursuant to the foregoing provisions, the Chargor shall pay all Taxes directly to the taxing authority for the jurisdiction in which the Charged Property is located when such Taxes are due and payable and provide written confirmation thereof to the Chargee within five (5) Business Days of such payment; provided that the Chargee retains the right to require the Chargor to make monthly instalments of such Taxes calculated as aforesaid to the Chargee in the event of default under this Charge.

11.6 The Chargor acknowledges and agrees that the Chargee shall apply any deductions or payments for Taxes to the credit of such Taxes so long as the Chargor is not in default under this Charge, but nothing in this Charge shall obligate the Chargee to apply such deductions or payments on account of Taxes more often than yearly; provided that if, before any such deductions or payments have been so applied, an event of Default occurs, or the Chargee may apply such deductions or payments towards the payment of such principal, interest or other amounts secured by this Charge in default; provided that the Chargee shall make all payments of tax instalments as they shall fall due and payable.

11.7 The Chargor acknowledges and agrees that the failure of the Chargor to pay any instalment of Taxes due to the Chargee or the taxing authority pursuant to the foregoing provisions shall constitute an Event of Default under this Charge and the date of such default shall be deemed to have occurred on the date that such instalment was due and the Chargee shall not be required to pay any Taxes to the taxing authority as a condition of the Chargee exercising its rights and remedies under this Charge and at law.

12. INSURANCE

12.1 The Chargor covenants and agrees, notwithstanding anything herein contained, that at all times during the Term of this Charge, the Chargor shall maintain the following insurance coverage on the Improvements and with respect to the Charged Property and the business conducted by the Chargor on and in the Charged Property in accordance with requirements of the Lending Agreement, including:

(a) "All Risk" coverage with "By-laws" coverage in an amount satisfactory to the Chargee and including the endorsements for conflict, encumbrance, fire department service charges, immediate repairs, loss of control, debris removal, permission to enter and repair, release and subrogation, re-instatement of loss and unearned premium, waiver of terms and conditions and joint loss agreement;

(b) comprehensive broad form boiler and machinery coverage on all electrical, mechanical and compression in an amount satisfactory to the Chargee;

(c) business interruption or rental loss coverage on an insurable gross rents basis sufficient to cover 100% of the gross annual rents of the Charged Property and, where the rents are on a fully net basis, on the equivalent gross rents for the same period; and

(d) comprehensive public liability coverage for claims for personal injury, death, property damage or loss in an amount of no less than $1,000,000, or such other amount as the Chargee may stipulate in writing from time to time, for each occurrence.

12.2 The Chargee covenants with the Chargor to pay all insurance premiums for all insurance coverage when such premiums are due and payable.

12.3 The Chargor covenants with the Chargee that all insurance policies shall:

(a) be endorsed to show the Chargee as a loss payee as the Chargee's interests may appear and such policies shall provide that any loss shall be payable to the Chargee as the Chargee's interest may appear;

(b) be with an insurer or insurers acceptable to the Chargee, acting reasonably, and each such policy shall be signed by the insurer or insurers, or agents or brokers authorized to sign on behalf of each insurer;

(c) be without co-insurance or have a stated or stipulated amount co-insurance clause for an amount equal to or less than the policy limit;

(d) grant permission of partial occupancy and stipulate that reconstruction shall not be limited to the same site;

(e) include a provision that the insurer shall give the Chargee a minimum thirty (30) days written notice of any material alteration to or cancellation of the policy and a minimum ten (10) days advice as to the renewal of the policy prior to the renewal;

(f) contain standard approved IBC "standard mortgagee" clauses in favour of the Chargee approved by the Chargee;

(g) include a joint loss agreement with separate Boiler and Machinery coverage; and

(h) contain By-laws coverage satisfactory to the Chargee.

12.4 Notwithstanding anything contained in the Lending Agreement or this Charge, the Chargor covenants and agrees with the Chargee to obtain and maintain such other form or forms of insurance coverage, including environmental liability coverage, as the Chargee may deem prudent, acting reasonably upon written request therefor made by the Chargee.

12.5 The Chargor covenants with the Chargee to, on written request made therefore, deliver to the Chargee, at the Chargor's expense, a certificate, opinion or other satisfactory report prepared by a competent appraiser or independent insurance consultant selected by the Chargee as to the sufficiency or otherwise of any insurance coverage, and as to the type and amount thereof.

12.6 The Chargor agrees that any deviation from the requirements set forth in the Lending Agreement for insurance coverage must be approved by the Chargee in writing, such approval not being unreasonably withheld.

12.7 The Chargor covenants that the Chargor shall, forthwith on the written request of the Chargee, provide the Chargee with a certified copy of every insurance policy aforesaid, and on request, copies of any and all receipts of payment of insurance premiums therefor and the Chargor acknowledges and agrees that the Chargee shall have a lien on the proceeds of all the aforesaid insurance policies for all the amounts secured by this Charge.

12.8 The Chargor acknowledges and agrees that in the event that the Chargor fails or neglects to maintain the insurance required by the Lending Agreement and this Charge, or to deliver such policies or receipts as aforesaid, the Chargee shall be entitled to, but will not be obliged, to obtain such insurance coverage and pay any premiums therefor and charge the same to the Chargor with interest thereon at the Interest Rate and any such premiums and interest shall be a charge or lien on the Charged Property ranking in priority to every other lien, charge, claim or encumbrance thereon ranking subsequent to this Charge.

12.9 The Chargor covenants that, forthwith on the happening of any loss or damage, the Chargor shall furnish to the Chargee, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance proceeds.

12.10 Any insurance proceeds received may, at the Chargee's option, be applied to rebuilding, reinstating or repairing the Charged Property or to be paid to the Chargor or any other person appearing by the registered title to be the owner of the Charged Property or be applied or partly paid in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on account of the amounts secured by this Charge, whether due or not then due.

12.11 The Chargor acknowledges and agrees that in the event that the Chargee takes out insurance coverage in respect of the Charged Property for the risks specified in section 12.1 of this Charge, or any other risks that the Chargee obtains coverage for, in the Chargee's sole discretion, the Chargee shall not be bound to insure the interest of any other person whatsoever, or to pay any insurance premium on any insurance policy, or be responsible for any loss arising out of any defect in any insurance policy or failure of any insurer to pay for any loss thereunder.

13. FURTHER ASSURANCES

13.1 The Chargor shall execute such further assurances of the Charged Property and execute and deliver such collateral security and do such further acts as the Chargee may require to further perfect and secure this Charge and, in the event of default, the Chargor shall execute and deliver such further assurances and do such further acts, at the Chargor's expense, as may be required by the Chargee.

14. FINANCIAL STATEMENTS

14.1 The Chargor covenants with the Charged that the Chargor shall provide to the Chargee, within three months of the end of each fiscal year of the Chargor, full financial statements relating to the Chargor and the Charged Property, including statements of income and expense, source of funds, a balance sheet and all supporting notes and schedules, such financial statements to be prepared by qualified accountants in a manner acceptable to the Chargee and in accordance with generally accepted accounting principles and certified by authorized officers of the Chargor.

15. CHARGEE'S RIGHT TO MAKE PAYMENTS

15.1 The Chargor acknowledges and agrees that the Chargee may pay all insurance premiums, Taxes, public and other utility charges, heating costs, collection costs and other expenses which may from time to time fall due and be unpaid in respect of the Charged Property.

15.2 Any such payments, together with all costs, charges and expenses which the Chargee incurs in taking, recovering and keeping possession of the Charged Property and of negotiating the loan secured by this Charge, investigating title and conducting all related searches and inquiries, registering this Charge and all related registrations, and generally in any other proceedings taken in connection with or to realize or collect this security, shall be, with interest thereon at the Interest Rate, a charge on the Charged Property in favour of the Chargee.

15.3 The Chargor acknowledges and agrees that the Chargee may, but shall not be obliged to do so, pay or satisfy any lien, charge or encumbrance now existing or hereafter coming into existence against the Charged Property.

15.4 The Chargor acknowledges that all costs, charges, legal fees (as between a solicitor and client on a full indemnity basis) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, registering the Charge, and other necessary deeds and generally in any other proceeding taken in connection with or to realize upon the security given in the Charge (including legal fees, real estate commissions and other costs incurred in leasing, managing or selling the land or in the exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge and, on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

15.5 Any of the above amounts paid by the Chargee shall be added to the debt secured by this Charge and shall be payable forthwith with interest thereon at the Interest Rate, and in default, the entire Principal Amount interest and other amounts secured by this Charge shall, at the option of the Chargee, immediately become due and payable and all powers by this Charge conferred shall become exercisable.

16. OBLIGATION TO REPAIR AND RIGHT TO INSPECT

16.1 The Chargor covenants and agrees to keep the Charged Property in good condition and repair according to the nature and description thereof respectively, and the Chargee and the Chargee's agents may, whenever the Chargee reasonably deems it necessary, enter on and in the Charged Property for the purpose of inspecting same and make all necessary repairs, including major repairs; provided that the Chargee shall first advise the Chargor in writing of such repairs to be undertaken ten (10) Business Days prior to such entry to repair.

16.2 The costs of such repairs and inspections shall be added to the debt secured by this Charge and shall be a charge and lien on the Charged Property in priority to all other claims against the Charged Property subsequent to this Charge, and shall be payable forthwith, and shall bear interest at the Interest Rate until paid.

16.3 If the Chargor neglects to keep the Charged Property substantially in good condition and repair as aforesaid, or commits any act of waste, the determination of which the Chargee shall be the sole judge, acting reasonably, or allows any improvements on the Charged Property to remain unfinished or without any work being done thereon for thirty (30) days, all amounts secured by this Charge shall, at the option of the Chargee, immediately become due and payable and all powers conferred by this Charge shall become exercisable.

17. OBLIGATION TO COMPLY WITH LAWS

17.1 The Chargor covenants and agrees to comply with all laws, regulations and by-laws which apply to the ownership, maintenance, repair, use and occupation of the Charged Property.

17.2 The Chargor covenants and agrees that the Chargor shall not commit, cause to be committed or permit the commission of any activity on, in or under, or the use or occupation of the Charged Property which violates the Criminal Code of Canada, and where such activity, use or occupation is caused by persons or corporations other than the Chargor, the Chargor will take all reasonable legal steps, proceedings and actions for the purpose of halting the criminal activity.

18. QUIET POSSESSION

18.1 Until the occurrence of an Event of Default under this Charge, the Chargor shall have quiet possession of the Charged Property.

18.2 On the occurrence of an Event of Default under this Charge, the Chargee may forthwith enter on and in the Charged Property and take possession thereof, and have quiet possession thereof until such time that every default has been cured to the satisfaction of the Chargee.

19. RIGHT TO ACCELERATE PAYMENT

19.1 On the occurrence of any Event of Default under this Charge, all amounts secured by this Charge may, at the option of the Chargee, immediately become due and payable together with all interest and other amounts secured by this Charge with interest thereon.

19.2 In the event that the Charged Property or a substantial part thereof is expropriated by any government, government agency or government regulated entity, the Chargee shall, at its sole option, have the right to accelerate payment of the amounts secured by this Charge and all such amounts secured by this Charge shall immediately become due and payable together with all interest and other amounts secured by this Charge with interest at the Interest Rate thereon until payment is made.

20. RIGHT TO DISTRAIN

20.1 The Chargor covenants and agrees that the Chargee may distrain for arrears of principal, interest and other amounts secured by this Charge, and all costs and expenses related thereto.

21. RIGHT TO INSPECT

21.1 The Chargor agrees that the Chargee shall have the right to inspect the Charged Property from time to time by arrangement with the Chargor, and the Chargor's tenant if such is the case, or on two (2) Business Days written notice to the Chargor.

22. CONDOMINIUM

22.1 If the Charged Property is not subject to the provisions of the Condominium Act, the Chargor shall not register or cause any registration to be made, the effect of which would be to make the Charged Property or any part of the Charged Property subject to the Condominium Act.

22.2 If the Charged Property is subject to the provisions of the Condominium Act, then the Chargor shall:

(a) comply with all provisions of the Condominium Act and its regulations;

(b) comply with all of the provisions of the condominium corporation's declaration, by-laws, regulations and rules; and

(c) pay all common expenses, special assessments, contributions to the capital reserve fund, or any other charges levied by the condominium corporation which are not in dispute.

22.3 The Chargor hereby assigns all rights to vote and to consent or not consent that the Chargor has pursuant to the Condominium Act and the Chargor authorizes the Chargee to exercise the rights of the Chargor to vote or to consent or not consent for and in respect of all matters provided for or contemplated by the Condominium Act; provided that the Chargee shall not be required to vote or give or withhold consent and, provided that the Chargee will only exercise such voting rights when this Charge is in default.

22.4 Notwithstanding the foregoing provision, the Chargor covenants with the Chargee that the Chargor shall vote in such manner as the Chargee directs from time to time with respect to every vote that the Chargor is entitled to cast in connection with the affairs of the condominium corporation.

22.5 The Chargor shall deliver to the Chargee written notice of every meeting of the owners at least ten (10) Business Days prior to such meeting, such notice to specify the information required by the Condominium Act with respect to the giving of such notices.

22.6 The Chargor shall deliver to the Chargee copies of any or all of the condominium corporation's current declaration, by-laws, regulations and rules and copies of all notices, minutes, resolutions, accounts, insurance policies, warranties, plans, lists of assets of the condominium corporation, all agreements relating to the management, operation, maintenance and repair of the Charged Property, all financial records of the condominium corporation relating to the operation of the of the condominium corporation or the Charged Property, budgets and other documents relating to the financial statements and to the affairs of the condominium corporation as the Chargor may receive from time to time, within ten (10) Business Day's of the date that written notice is given to the Chargor requesting same.

22.7 In the event that the Chargee is required to give a partial discharge or discharges of this Charge pursuant to the provisions of the Condominium Act, the Chargor covenants with the Chargee that the Chargor shall pay to the Chargee on written demand there for an amount equal to the Re-investment Loss, the total amount thereby calculated being a genuine pre-estimate of the damages that the Chargee will suffer as a result of the early partial repayment of the amounts secured by this Charge; provided that the Chargee shall have the sole right to calculate the Re-investment Loss and that the Chargee shall not be obliged to deliver any discharge or other documents whatsoever until the Re-investment Loss has been paid to the Chargee in full without set-off, deduction or counterclaim whatsoever.

23. ENVIRONMENTAL WARRANTIES, REPRESENTATIONS, COVENANTS AND INDEMNITIES

23.1 The Chargor warrants and represents to the Chargee that:

(a) the Chargor has never caused or permitted any Contaminant to be brought or stored on, in or under, or removed from the Charged Property without government consent;

(b) the Chargor has never caused or permitted a Discharge of a Contaminant into the natural environment as defined in the Environmental Protection Act (Ontario), as amended from time to time, without government consent;

(c) the Chargor is operating the Chargor's business and/or every Tenant is operating the Tenant's business in compliance with all environmental Government Legislation; and

(d) to the best of the Chargor's knowledge and believe, having made reasonable inquiry therefore, there are no notices, orders, proceedings, actions, claims or suits, pending or threatened against the Chargor or the Charged Property with respect to any environmental matter.

23.2 The Chargor covenants with the Chargee that:

(a) the Chargor will continue to operate the Chargor's business and/or require every Tenant to operate the Tenant's business in compliance with all Government Legislation pertaining to the environment;

(b) the Chargor will not permit the Charged Property to be used or operated in violation of any Government Legislation;

(c) the Chargor will not permit the bringing, storage, processing or disposal of any Contaminant on, in or under the Charged Property without the express prior written permission of the Chargee;

(d) the Chargor will, within five (5) Business Days of the receipt thereof, deliver a copy of every notice, order, proceeding, action, claim or suit, pending or threatened against the Chargor or the Charged Property in respect of any environmental matter; and

(e) the Chargor will, within five (5) Business Days of knowledge coming to the attention of any director, officer, employee or agent of the Chargor of the presence of any Contaminant on, in or under the Charged Property or any lands in the vicinity of the Charged Property, so advise the Chargee in writing, providing complete details thereof.

23.3 The Chargor hereby indemnifies the Chargee and the Chargee's shareholders, directors, officers, employees and agents and agrees to hold each and every one of them harmless from all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever, including, without liability:

(a) the costs of defending and/or counterclaiming or cross-claiming against third parties in respect of any action, suit or proceeding;

(b) any costs, liabilities or damages arising out of any settlement of any action, suit or proceeding entered into by the Chargee with or without the Chargor's consent; and

(c) the costs, penalties or other losses, liabilities or damages suffered by the Chargee as a result of any prosecution or other action, suit or proceeding under any Governmental Legislation,

which at any time, or from time to time, may be paid, incurred or asserted against any of the Chargee and the Chargee's shareholders, directors, officers, employees and agents with respect to any alleged or proven breach or violation of any environmental Government Legislation, nuisance or negligence by the Chargor, the Chargor's shareholders, directors, officers, employees and agents, or the Chargor's Tenants.

24. CHARGEE'S RIGHT TO INSPECT AND TEST

24.1 The Chargor acknowledges, agrees and confirms that the Chargee and the Chargee's agents and representatives may, from time to time and at any time, both before and after default and before and after any advance under this Charge, and for any purpose deemed necessary by the Chargee or the Chargee's agents or representatives, enter on, in and under the Property for the purpose of inspecting the Property or any portion of the Charged Property.

24.2 Without in any way limiting the generality of the foregoing, the Chargee or the Chargee's agents or representatives may enter enter on, in and under the Charged Property for the purpose of conducting any environmental testing, site assessment, investigation, or study deemed necessary by the Chargee, or the Chargee's agents or representatives, and the reasonable costs and expenses of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge on the Charged Property.

24.3 The Chargor acknowledges, agrees and confirms that the Chargee may exercise any of the right to inspect set forth in this Charge without the Chargee or the Chargee's agents and representatives being deemed to be in any way in management or control of the Charged Property or the Chargee being deemed a mortgagee in possession of the Charged Property.

25. DEALINGS WITH TENANTS

25.1 The Chargor covenants with the Chargee:

(a) to negotiate with Tenants of the Charged Property with respect to, or renew, extend, modify or amend any Lease in good faith, acting as a prudent landlord; and

(b) not to permit the termination or surrender of any Lease of the Charged Property which has been assigned to the Chargee as collateral security, or permit any reduction in the term or rent of any such Lease without the prior written consent of the Chargee.

26. EVENTS OF DEFAULT

26.1 The Chargor covenants and agrees that notwithstanding any other provision in this Charge, the Chargee may deem this Charge to be in default in the event that the Chargor:

(a) fails to make a payment of a Monthly Instalment and/or a Pro-Rated Tax Payment or any other payment as required herein, on a Payment Date in accordance with the payment provisions of this Charge; or

(b) permits any other amount which is secured by this Charge, or any Taxes, public utilities accounts or insurance premiums which are due and payable under this Charge, or otherwise due and payable by the Chargor and not in dispute, to remain unpaid after the Chargee has made written demand for payment thereof; or

(c) fails to insure the Charged Property in accordance with the Lending Agreement and this Charge; or

(d) fails to observe or perform any covenant or agreement contained in this Charge; or

(e) makes any warranty or representation to the Chargee which is not in any material respect true; or

(f) permits any lien, encumbrance or other claim capable of ranking in priority to this Charge to be recorded or registered against the Charged Property which is not removed or satisfied in full within thirty (30) days of such recording or registration; or

(g) causes or permits any order to be made or any resolution to be passed or adopted, or any petition is filed for the winding-up of the Chargor; or

(h) becomes insolvent, commits an act of bankruptcy, or if a petition in bankruptcy is filed against the Chargor which is not being disputed in good faith by the Chargor, or a proposal made by the Chargor under the Bankruptcy and Insolvency Act is rejected by creditors; or

(i) causes or permits a "stay order" to be issued pursuant to the Companies Creditors Arrangement Act which prohibits the Chargee from enforcing this Charge; or

(j) is the subject of any execution, sequestration or any other judicial process, or any distress or similar process is levied on the Charged Property or against the Chargee which is not, in good faith, being disputed by the Chargor;

(k) fails or refuses to comply with any term, condition or proviso of the Lending Agreement or any other security required pursuant to the Lending Agreement; or

(l) has made any material misrepresentation to the Chargee in the environmental questionnaire contained in the Lending Agreement or if there is any hazardous material, as defined therein, which, in the opinion of the Chargee, materially reduces the market value of the Charged Property,

(m) commits or permits the commission of an event of default under any other charge, mortgage or collateral security given or granted by it to the Chargor pursuant to the terms and conditions of the Lending Agreement.

(n) sells, transfers or assigns title to the Charged Property or any beneficial interest in the Charged Property, the result of which there is a change in control of the Chargor, without the prior written consent of the Chargee; or

(o) sell, transfers or assigns any shares of the Chargor, the result of which there is a change in control of the Chargor, without the prior written consent of the Chargee; or

(p) permits the termination or surrender of any Lease of the Charged Property which has been assigned to the Chargee as collateral security, or permits any reduction in the term or rent of any such Lease without the prior written consent of the Chargee; or

(q) fails to negotiate with respect to, or renew, extend, modify or amend any Lease in good faith, acting as a prudent landlord; or

(r) permits or causes waste to the Charged Property or otherwise causes or permits, by any act or omission, the value of the Charged Property to decline;

(s) abandons the Charged Property, either physically or constructively, or otherwise leaves the Charged Property vacant for more than ten (10) days;

(t) if the Building, at any time during the time hereof, fails to comply with all applicable building, zoning and other municipal by-laws, statutory requirements and regulations (save and except for any such non-compliance which is, in good faith, contested by the Chargor with the Municipality or other body having jurisdiction until the final disposition thereof against the Chargor);

(u) fails to comply with all applicable laws, regulations and by-laws which apply to the ownership, maintenance, repair, use and occupation of the Charged Property; or

(v) commits or permits the commission of criminal activities on, in or under the Charged Property.

26.2 Every such event shall be an "Event of Default" entitling the Chargee to exercise its rights and remedies under this Charge and at law.

26.3 The Chargee may waive any Event of Default in writing at any time after the occurrence of such Event of Default; provided that any such waiver shall apply only to the particular Event of Default and shall not operate as a general waiver or a waiver of any other or future default.

27. POWER OF SALE AND LEASE

27.1 The Chargor covenants and agrees that on the occurrence of an Event of Default hereunder and the continuance of such default for at least 15 days, the Chargee may, on at least 35 days notice given pursuant to this Charge and Part III of the Mortgages Act or any replacement thereof, enter on and in the Charged Property and rent, lease and sell the Charged Property.

27.2 Such notice shall be given to such persons and in such manner and with such time as required and provided for by Part III of the Mortgages Act or any replacement thereof.

27.3 The whole or any part of the Charged Property may be sold by public auction or private contract, or partly one and partly the other; and the proceeds of any sale hereunder may be applied in payment of any reasonable costs, charges and expenses incurred by the Chargee in recovering or taking possession of the Charged Property, or by reason of non-payment or procuring payment of amounts secured by this Charge.

27.4 The Chargee may sell any of the Charged Property on such terms as to credit and otherwise as may appear to the Chargee most advantageous and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such amounts as have actually been received from the purchaser after the payment of all claims of the Chargee.

27.5 In exercising the power of sale herein, the Chargee may execute all documents which may reasonably be required to complete the power of sale.

27.6 The Chargee shall have the specific authority to lease or licence the use of the Charged Property as the it may deem advisable and expedient in the same manner and on the same terms and conditions as the and in so doing, the Chargee shall act as the agent or attorney of the Chargor with the authority of the Chargor, and the Chargor hereby undertakes to indemnify the Chargee and confirm the Chargee's acts and decisions in this regard;

27.7 Any proceeds of sale or lease received hereunder may be applied, at the discretion of the Chargee, first in payment of any costs, charges and expenses incurred in directly or indirectly in connection with the exercise of the Chargee's rights under this Charge or the Chargor's default hereunder and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain thereafter, such surplus shall be paid as may be required by law.

28. APPOINTMENT OF RECEIVER AND MANAGER

28.1 The Chargor acknowledges and agrees that notwithstanding anything contained in this Charge, on the occurrence of an Event of Default under this Charge and so long as there is a default under the Charge, the Chargee may, from time to time, in writing, appoint a Receiver of all or part of the Charged Property and of the income thereof until such time as the Event of Default is cured, with or without security, and may from time to time, by similar writing, remove such Receiver and appoint another in that Receiver's place.

28.2 In making such appointment or appointments, or in removing any Receiver so appointed, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor.

28.3 Upon the appointment of a Receiver hereunder, the following provisions shall apply:

(a) a written declaration of an officer of the Chargee as to the occurrence and continuance of an Event of Default under this Charge shall be conclusive evidence thereof;

(b) every Receiver shall be the irrevocable agent of the Chargor for the collection of all rents and profits of the Charged Property falling due during the receivership and any arrears thereof in respect of any Leases or Licenses created in priority to this Charge or subsequent thereto;

(c) every Receiver, in the discretion of the Chargee exercised in writing under the Chargee's corporate seal, shall be vested with all or any of the powers and discretion of the Chargee;

(d) the Chargee, acting reasonably may, from time to time in writing, fix the Receiver's reasonable remuneration and the Receiver shall be entitled to deduct the same from the proceeds of the operation or disposition of the Charged Property;

(e) every Receiver shall, in so far as the responsibility for any act or omission of the Receiver is concerned, be deemed the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee or the Chargee's agents;

(f) the appointment of a Receiver hereunder by the Chargee shall not create any liability on the part of the Chargee to the Receiver in respect of the appointment or as a result of any act or omission of the Receiver;

(g) the removal of a Receiver or the termination of any receivership created hereunder shall not constitute the Chargee a chargee-in-possession of the Charged Property;

(h) the Receiver shall have the authority to lease or licence the use of, or sell the Charged Property as the Receiver may deem advisable and expedient in the same manner and on the same terms and conditions as the Chargee is permitted by this Charge, and in so doing, the Receiver shall act as the agent or attorney of the Chargor with the authority of the Chargor, and the Chargor hereby undertakes to indemnify the Receiver and confirm the Receiver's acts and decisions in this regard;

(i) the Receiver shall, acting reasonably have full authority to complete any unfinished construction on the Charged Property to the extent that, when completed, the structures and buildings shall be as represented to the Chargee by the Chargor for the purposes of inducing the Chargee to enter into the Lending Agreement;

(j) the Receiver shall, acting reasonably, have full authority to manage, operate, repair and maintain the Charged Property during the receivership; and

(k) the Receiver shall not be liable to the Chargor for monies or damages other than amounts received by the Receiver in respect of the Charged Property.

28.4 Out of the proceeds realized by the Receiver as a result of the management and operation of the Charged Property, the Receiver shall pay in the following order:

(a) the Receiver's reasonable remuneration;

(b) the expenses and costs incurred by the Receiver in connection with the ongoing management, operation, repair and maintenance of the Charged Property;

(c) payments due to prior encumbrancers and for all Taxes, insurance premiums and other proper expenditures made or incurred by the Receiver in respect of the Charged Property;

(d) payment of amounts due to the Chargee under this Charge;

(e) payment of the remainder of any such proceeds to others who have claims against the Charged Property and/or the Chargor and the Chargor to the extent that such claims have been proved and are not in dispute, or otherwise into court.

29. SALE OF THE PROPERTY

29.1 The Chargor acknowledges and agrees that any change in the legal or beneficial ownership of the Charged Property or any transfer or sale of the shares of or reconstitution of the Chargor which results in a change in control of the Chargor shall be subject to the Chargee's prior written consent.

29.2 The Chargor further acknowledges and agrees that in the event of any such change of ownership or control and the new owner or owners or persons in control are not acceptable to this Chargee, or the Chargee's prior written consent is not sought by the Chargor with respect thereto, the Chargee may, at the Chargee's option, deem this Charge to be in default and all amounts secured by this Charge shall become due and payable forthwith.

29.3 In making any request for the Chargee's consent to the proposed change of ownership or control, the Chargor shall give the Chargee:

(a) the full name and address of every person who will acquire ownership or control of the Charged Property or the Chargor;

(b) where the person or persons are natural individuals, the birth date of every such individual;

(c) a copy of the most recent audited financial statements of every such person thereof;

(d) where the person is a partnership or a corporation, the full name and address of every partner or director and officer, as the case may be; and

(e) such other information as the Chargee may request.

29.4 The Chargee agrees that all information given to the Chargee in connection with the forgoing shall remain confidential except that the Chargor agrees that the Chargee shall have the right to make such inquiries of every such person as may be required by the Chargee to assist the Chargee is determining whether or not consent should be given.

30. DISCHARGES AND PARTIAL RELEASES

30.1 The Chargor shall not be entitled to receive any discharge or partial discharge of this Charge until all Principal, interest, late or compound interest and all other amounts secured by this Charge whatsoever have been paid to the Chargee in full. The discharge of the Charge shall be prepared by the Chargee and all other legal and other expenses for the preparation and execution of such discharge shall be borne by the Chargor.

30.2 Interest on all amounts secured by this Charge shall continue to run and accrue until actual payment of the amount required to discharge this Charge has been received by the Chargee.

30.3 The Chargee shall have a reasonable time after the payment in full of all amounts secured by this Charge within which to deliver such discharges, cessations, releases and reassignments as may be reasonably required by the Chargor.

30.4 The Chargee may at all times release any part or parts of the Charged Property or any other security, or any covenantor, or any surety for the amounts secured by this Charge, either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Charged Property or any person from this Charge, or renewals from any of the covenants implied by the Land Registration Reform Act, 1984 or contained in this Charge without being accountable to the Chargor for the value thereof, or for any amounts except those actually received by the Chargee.

31. ADMINISTRATION CHARGES

31.1 The Chargor agrees that the Chargee shall have the right to charge and add to the debt secured by this Charge a reasonable amount for:

(a) the preparation of mortgage statements requested by or on behalf of the Chargor;

(b) the preparation of any discharge or partial discharge of this Charge or any releases, reconveyances, transfers, discharges and assignments related thereto and such further assurances which the Chargor may reasonably require;

(c) handling dishonoured cheques;

(d) inspecting the Charged Property after an Event of Default which has not been cured; or

(e) the processing of any renewal, extension or amendment of this Charge or the collateral security required by the Chargor, or any recasting or re-documentation of the loan which is the subject of this Charge.

32. CHARGEE MAY RETAIN EXPERTS

32.1 The Chargor acknowledges and agrees that the Chargee may retain, at the Chargee's option and in the Chargee's sole discretion, the services of legal counsel, property managers, appraisers, evaluators, realtors, consultants, environmental engineers and consultants and other experts in connection with the loan including every service required by the Chargee to satisfy the Chargee that the first and any other advance should be made to the Chargor; to preserve, perfect and maintain the Chargee's security during the Term; to determine the environmental condition and state of the Charged Property and to take possession of, maintain, repair, preserve, lease and sell the Charged Property and generally to protect the Chargee's security in the Charged Property.

32.2 The Chargor further acknowledges and agrees with the Chargee that all expenses reasonably incurred in retaining such services shall be at the sole expense of the Chargor. Legal costs shall be recoverable from the Chargor on a solicitor and his own client basis.

32.3 The intent of the foregoing provisions is that the Chargee shall not be out-of-pocket as a result of making the said loan to the Chargor or protecting the Chargee's security therefore.

33. NOTICES

33.1 Any notice required by or given under or in connection with this Charge may be effectively given if it is in writing and addressed to the party to whom the notice is being given at the address set forth in the Charge/Mortgage of Land, or transmitted by telecopier to a telephone number maintained by the receiving party for such communications.

33.2 Such notice shall be deemed to have been received by the party to whom it is given:

(a) if given by Canada Post, on the third Business Day after the date that the envelope containing the notice is post marked by Canada Post;

(b) if given by priority post or private courier, on the second Business Day after the envelope containing the notice is delivered to Canada Post or the private courier for delivery; and

(c) if given by a fax machine, on the same Business Day that the notice is transmitted if transmitted before 3:00 pm that day, otherwise on the next Business Day when the receiving party is open for business.

33.3 The Chargor acknowledges and agrees that the Chargee shall be entitled to give any notice provided for by these Standard Charge Terms, the Lending Agreement, the Mortgages Act, the Bankruptcy Act, the Farm Debt Review Act and any other Governmental Legislation, to the Chargor addressed to the address set forth in Box (13) of the Charge/Mortgage of Land and that any such notice shall be deemed to have been given in accordance with the provisions of these Standard Charge Terms and the said Governmental Legislation unless and until the Chargor gives written notice to the Chargee pursuant to this section of a new, alternate or other address for service on the Chargor.

34. FAMILY LAW ACT

34.1 Where the Chargor is a natural person, immediately after any change or happening affecting any of the following, namely:

(a) the spousal status of the Chargor; or

(b) the qualification of the Charged Property as a matrimonial home within the meaning of Part II of the Family Law Act or successor legislation,

the Chargor shall advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners from time to time of the Charged Property and of any spouse who is not an owner but who has a right of possession in the Charged Property pursuant to the said act.

35. FARM DEBT REVIEW ACT

35.1 The Chargor warrants and represents to the Chargee that the Chargor is not a "farmer", is not "farming" the Charged Property and that the Charged Property is not "property of a farmer" within the meaning of the Farm Debt Review Act (Canada).

35.2 The Chargor covenants and agrees that if the Chargor becomes a "farmer", commences "farming" the Charged Property or the Charged Property" becomes "property of a farmer" within the meaning of the said Act, the Chargor shall forthwith give written notice thereof to the Chargee pursuant to these Standard Charge Terms.

35.3 The Chargor hereby waives the right to any and all notices under the Farm Debt Review Act (Canada), including, but not limited to the notice requirements set forth in section 22 of that Act.

36. BANKRUPTCY AND INSOLVENCY ACT

36.1 The Chargor warrants and represents to the Chargee that, at the time that this Charge is granted to the Chargee, the Chargor is not an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.2 The Chargor covenants and agrees that the Chargor shall, forthwith on the Chargor becoming an insolvent person within the meaning of the Bankruptcy and Insolvency Act, advise the Chargee in writing that the Chargor is an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.3 The Chargor acknowledges and agrees that until the Chargee receives such advice in accordance with the notice provisions of this Charge, the Chargee shall have the right to treat the Chargor as not being an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.4 The Chargor hereby waives the right to any and all notices under the Bankruptcy and Insolvency Act, including, but not limited to the notice requirements set forth in section 244(1) of that Act.

37. NON-MERGER OF COVENANTS

37.1 The Chargor acknowledges and agrees that the taking of judgement or judgments on any of the covenants in this Charge or implied by law shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and at the times provided for in this Charge; and further, that any judgment shall provide that interest thereon shall be calculated at the same rate and in the same manner as provided for in this Charge until the judgment is fully paid and satisfied.

38. NON-MERGER OF THE LENDING AGREEMENT

38.1 The Chargor acknowledges and agrees that the execution and delivery of this Charge, any collateral security and further assurances in support of this Charge shall in no way merge or extinguish the terms and provisions of the Lending Agreement comprising the commitment offer of the Chargee signed by the Chargor and any amendments thereto shall continue in full force and effect; provided that in case of any inconsistency or conflict between any provision of the Lending Agreement and any provision of this Charge, the provisions of this Charge shall prevail.

39. SEVERABILITY AND WAIVER

39.1 In the event that any provision of this Charge is found by a court or other competent authority for any reason to be illegal, invalid or otherwise unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Charge and this Charge shall nevertheless be interpreted and construed as if such illegal, invalid or otherwise unenforceable provision had never been contained in this Charge.

39.2 No extension of time give by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor or obligation on the part of the Chargee in that regard.

40. BINDING ON SUCCESSORS

40.1 The successors and assigns of the parties shall be bound by and have the benefit of the provisions of this Charge.

41. GOVERNING LAW

41.1 This Charge shall be governed by and interpreted in accordance with the laws of the Province Ontario and of Canada as may be applicable.

42. HEADINGS

42.1 The Chargor acknowledges and agrees that all headings in this Charge are for reference only and are not intended to assist in the interpretation of any of the provisions in this Charge.

43. ELECTRONIC CHARGE

The delivery of an Electronic Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Electronic Charge was in written form, signed by the parties thereto and delivered to the Chargee

44. GUARANTEE

44.1 Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:

(a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS ($2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.

(b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no bankruptcy of the Chargor; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.

(c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event by taken to affect the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.

The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

ACKNOWLEDGMENT

This set of Standard Charge Terms is included in a Charge dated the _____ day of _____ 20_____, made by

as Chargor(s)

To

as Chargee(s)

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

_____________________ Guarantor(s)

_____________________ Chargor(s)

____

____

DATED the 30th day of June, 2003.

SOTOS ASSOCIATES LLP

Per:_____________________
Louis Alexopoulos
Solicitors for
NATIONAL BANK OF GREECE (CANADA)

NBG
BANK

F.1003C/06-02/REV. 06-03

STANDARD CHARGE TERMS

(Commercial or Income Producing Residential Properties Exc

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200310 Cote
Filing Date July 14 2003 Date de Dépôt
Page 1 of/de 15 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

Filed by:

NATIONAL BANK OF GREECE (CANADA)

Filing Date

Filing No.

This set of standard charge terms shall be deemed to be included in every charge or mortgage of land in which this set of standard charge terms is referred to by the above filing number, as provided for by section 9 of the Land Registration Reform Act, irrespective of whether the charge is registered using a paper-based system of registration or if it is registered electronically.

1. DEFINITIONS

1.1 The following words and terms, as used in this document shall be defined as follows:

(a) **"Balance Due Date"** means the date stated in Box 9(i) of the Charge/Mortgage of Land, such date being the date on which the Chargor is required to repay all amounts secured by the Charge to the Chargee in full;

(b) **"Business Day or Days"** means any day or days on which both the Chargee and Chargor conduct business;

(c) **"Charge"** means these Standard Charge Terms, the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and any schedules to the said Charge/Mortgage of Land;

(d) **"Charged Property"** means the lands and premises described in Box (5) of the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and any schedules to the said Charge/Mortgage of Land;

(e) **"Chargee"** means National Bank of Greece (Canada), its successors and assigns;

(f) **"Charge/Mortgage of Land"** means the form designated by the Land Registration Reform Act as Form 2 which contains the legal description of the Charged Property and referentially incorporates these Standard Charge Terms;

(g) **"Chargor"** means any Person who signs the Charge/Mortgage of Land which referentially incorporates these Standard Charge Terms and every successor and assign of the Chargor;

(h) **"Contaminant"** has the same meaning as ascribed to the term by section 1.(1) of the Environmental Protection Act (Ontario), as may be amended from time to time;

(i) **"Debit Balance"** means the amount by which the actual Taxes in any year exceed the amount estimated by the Chargee as the amount which must be paid by the Chargor to the Chargee pursuant to the Charge;

(j) **"Discharge"** has the same meaning as ascribed to the term by section 1.(1) of the Environmental Protection Act (Ontario) and section 1. of the Ontario Water Resources Act, as may be amended from time to time;

(k) **"Electronic Charge"** means a charge in an electronic format.

(l) **"Event of Default"** means any act, omission or any event described in Section 26 of these Standard Charge Terms;

(m) **"First Payment Date"** means the date stated in Box 9(f) of the Charge/Mortgage of Land;

(n) **"Government Legislation"** means every statute, act, regulation, by-law, ordinance or other measure adopted by any federal, provincial, regional, county, district or municipal government whatsoever, present and future, which affects the Charged Property or the interest of the Chargor in the Charged Property;

(o) **"Improvement"** means every present or future building, structure, fixture or other facility constructed on or under the Charged Property, in whole or part, and any alteration, reconstruction or expansion thereof;

(p) **"Interest Adjustment Date"** means the date stated in Box 9(d) of the Charge/Mortgage of Land or such other date that the Chargee and Chargor may agree to in writing to be the date on which the calculation of interest on the Principal Amount commences;

(q) **"Interest Rate"** means the rate of interest stated in Box 9(b) of the Charge/Mortgage of Land or any other rate as may be otherwise agreed to by the Chargee and Chargor in writing;

(r) **"Land Registration Reform Act"** means the Land Registration Reform Act, R.S.O. 1990, c.L.4, all regulations made thereunder and all amendments thereof and all successor statutes and regulations thereto;

(s) **"Last Payment Date"** means the date stated in Box 9(g) of the Charge/Mortgage of Land;

(t) **"Lease"** means every present and future written or oral agreement, whether private or prescribed by Government Legislation, for the use and occupancy of the Charged Property or any part thereof and every renewal, replacement, modification, revision, substitution or amendment of any such agreement, and any licence therefore;

(u) **"Lending Agreement"** means the commitment or commitment letter signed by each of the Chargee and the Chargor and any other written agreements between the parties which provide for a Charge on the Charged Property and the amendment, extension or renewal thereof;

(v) **"Maturity Date"** means the date stated in Box 9(i) of the Charge/Mortgage of Land or such other date as may be otherwise agreed to by the Chargee and Chargor in writing;

(w) **"Monthly Instalment"** means the amount stated in Box 9(h) of the Charge/Mortgage of Land, being a blended payment of principal and interest.

(x) **"Payment Date"** means, as stated in Box 9(e) of the Charge/Mortgage of Land, the day in each and every month from and including the First Payment Date to and including the Last Payment Date:

(y) **"Prime Rate"** means the floating annual rate of interest established and announced, from time to time, by the Chargee at the Chargee's main branch in Montreal, Quebec as the base rate the Chargee will use to determine rates of interest on Canadian dollar loans to the Chargee's customers in Canada and designated as the Chargee's prime rate;

(z) **"Principal Amount"** means the amount stated in Box 9(a) of the Charge/Mortgage of Land, which amount shall include the aggregate of all amounts advanced by the Chargee to the Chargor or to whom the Chargor directs in writing pursuant to the Lending Agreement and the Charge which have not been repaid to the Chargee;

(aa) **"Pro-Rated Tax Payment"** means the monthly portion of the Taxes determined by the Chargee as being payable by the Chargor together with the Monthly Instalment.

(bb) **"Receiver"** means a receiver or a receiver and manager, whether appointed by the Chargee pursuant to the provisions of this Charge or by an Ontario court of law;

(cc) **"Tax Due Date"** means the date stipulated by a taxing authority for the payment of a tax instalment after which date penalty interest is charged by the taxing authority on the unpaid tax;

(dd) **"Taxes"** means all taxes, levies, rates, assessments, or other amounts which are or may be imposed, charged, levied or liened on or against the Charged Property or the Chargee by Government Legislation;

(ee) **"Tenant"** means any person, company or other entity in occupation of the Charged Property with the permission of the Chargee under any leasing, occupancy or licence agreement;

(ff) **"Term"** means the term of the Charge and any renewals or extensions of the original term, which Term commences on the Interest Adjustment Date and ends on the Maturity Date;

2. EXCLUSION OF STATUTORY COVENANTS

2.1 The provisions of subparagraphs 1(iv) to 1(ix), inclusive, of Section 7 of the Land Registration Reform Act are hereby expressly excluded from this Charge and are replaced by these Standard Charge Terms.

3 CHARGE

3.1 In consideration of the Principal Amount being advanced or to be advanced by the Chargee to the Chargor or to whom the Chargor may direct in writing in accordance with the Charge and the Lending Agreement, as well as in consideration of all other debts and liabilities, present or future, absolute or contingent, matured or not, at any time owing by the Chargor to the Chargee arising from any dealings or proceedings in virtue of which the Chargee becomes in any manner whatsoever the creditor of the Chargor, wherever or however incurred, as principal or surety, the Chargor charges and mortgages the Charged Property to the Chargee until such time as all amounts secured by this Charge, including the Principal Amount and interest thereon at the Interest Rate (or the Interest Rate under any other Agreement, as applicable, including compounded interest accruing on that debt or liability, from time to time), and all costs, expenses and other charges, and interest thereon at the Interest Rate, to which the Chargee is entitled under the terms of the Charge are repaid or paid to the Chargee in full.

3.2 This Charge shall be void on receipt of payment by the Chargee at the address stated in Box 15 of the Charge/Mortgage of Land of the Principal Amount and all costs, expenses and other charges, and interest thereon at the Interest Rate, to which the Chargee is entitled in lawful money of Canada in accordance with the provisions of this Charge

4 ADVANCES

4.1 Neither the preparation, execution, delivery or registration of this Charge shall bind the Chargee to advance any portion of the principal amount secured by this Charge, nor shall the advance of a part of the principal amount secured by this Charge bind the Chargee to advance any non-advanced portion thereof.

4.2 The Chargor hereby authorizes and directs the Chargee to deduct any accrued interest, processing fees, costs permitted by the Lending Agreement, Taxes, public utility charges and legal costs, if any, from each and every advance made under this Charge.

4.3 Where the Chargee makes one or more advances of principal before the Interest Adjustment Date, interest shall be calculated thereon from the date of each advance and shall, at the option of the Chargee, become due and payable on the said Interest Adjustment Date, deducted from any subsequent advance or be collected from the Chargor on a monthly basis.

4.4 In the event that any advance or portion thereof made under this Charge is to be used to finance any improvements on the Charged Property or the supply of any materials or labour thereto or otherwise in connection therewith, the Chargor shall advise the Chargee in writing of the said fact prior to the advance of funds and hereby authorizes and directs the Chargee to withhold the greater of ten percent (10%) of the amount so advanced or the cost to complete the Improvements to the Charged Property.

Advances will be made on a cost of completion basis and attested to by the Chargor's authorized appraiser.

If improvements to the Charged Property have started prior to the registration of the Charge, the Chargee must provide satisfactory evidence that all work executed prior to the registration has been paid in full or will be paid from the proceeds of the initial advance.

The initial advance shall not be made until an interim certificate, signed by the appraiser and the authorized signing officer of the Chargor, is provided stating there are no funds owing to the general contractor, workmen, suppliers and subcontractors who have partially completed their work prior to registration.

Notwithstanding any commitment herein, all advances will be made upon receipt of a written Request to Advance. The Request to Advance must be signed by the contractor, the Chargee's appointed appraiser and the Chargor. It shall certify that all costs have been paid in full to date or shall be paid from the proceeds of the advance requested. The Chargor shall also provide invoices from the subcontractors and suppliers. The Chargee and its appraiser shall be authorized to make periodic inspections to verify the cost of the work executed and the cost to complete.

Holdback amounts shall not be released prior to 45 days after the date certified by the appraiser as the date upon which all the work has been completed. The appraiser's final certification must also state the cost of the work effected to completion. Such holdbacks will be released by the Chargee after such time as a search of the Land Registry confirms that no other charges have been registered against the Property. Advances will be effected upon receipt of releases or acquittances signed by all the subcontractors, suppliers and general contractor (as the case may be) supported by the appraiser's interim certificates of completion.

Any changes in the plans and specifications of the project must have the Chargee's written authorization unless the changes have no effect upon the Chargee's security.

5. REPAYMENT

5.1 The Chargor covenants with the Chargee that the Chargor shall pay to the Chargee, at the Chargee's address stated in Box 15 of the Charge/Mortgage of Land, in lawful money of Canada, the Monthly Instalment (or Monthly Instalment equivalent) consisting of the Principal Amount with interest thereon at the Interest Rate calculated half-yearly, not in advance, both before and after maturity, both before and after an Event of Default and both before and after judgment until paid, as follows:

(a) interest at the Interest Rate on the Principal Amount or such portion as may be advanced from time to time, calculated from the respective dates of such advances, shall become due and payable, and be paid by the Chargor to the Chargee starting on the First Payment Date and thereafter in accordance with this Charge; Provided that the Chargee may require the interest on any advances made prior to the Interest Adjustment Date under this Charge, calculated from the respective dates of such advances, to become due and payable in monthly instalments commencing on the date of the month next following the date of the month in which the advance is made and on the same date of each and every month thereafter or at the Interest Adjustment Date; and thereafter

(b) the Monthly Instalment consisting of the Principal Amount or such portion as may be advanced from time to time with interest thereon at the Interest Rate, calculated from and including the Interest Adjustment Date, shall become due and payable in an amount equal to the Monthly Instalment, together with any Pro-Rated Tax Payment, on each Payment Date in each and every month during the Term commencing on the First Payment Date and the balance, if any, of the Principal Amount and interest thereon and all other amounts secured by this Charge shall become due and be paid on the Maturity Date.

5.2 The aforesaid payments shall be applied first to expenses and disbursements reasonably incurred by the Chargee in connection with this Charge, secondly to interest calculated at the Interest Rate on the Principal Amount from time to time outstanding and the balance of the said payments shall be applied on account of principal; except, however, in the case of an Event of Default, the Chargee may apply any payments received during the period of such default in whatever order the Chargee may elect, in the Chargee's sole discretion, as between Taxes, interest, interest on late interest, repairs to the Charged Property, insurance premiums, legal costs, property management fees, appraisal costs or other advances made on behalf of the Chargor or as a result of the Event of Default.

5.3 Interest at the Interest Rate shall be payable on the Principal Amount, late interest and all costs, expenses and charges payable to the Chargee under this Charge.

5.4 Interest which is not paid when due shall, as to payment of interest thereon, be treated as principal and shall bear compound interest at the Interest Rate, both before and after maturity, both before and after an Event of Default and both before and after judgment until paid, to be computed with rests and paid on request commencing six months from the Interest Adjustment date and every six months thereafter in each and every year and all such interest shall be a charge on the Charged Property with the same priority as this Charge.

5.5 The Chargee shall be entitled to deduct any accrued interest on previous advances from any subsequent advance.

5.6 The Chargor shall pay in full the aforesaid amounts and any other amounts owing in connection with the terms of this charge without any deduction, abatement or set-off, whether equitable or otherwise and no other claim by the Chargor to damages, a deduction, abatement or set-off, whether equitable or otherwise, shall be a defence which would entitle the Chargor to avoid paying the amounts provided for herein as required by the terms of this charge.

6. CONTINUING OBLIGATION

6.1 The Chargor covenants and agrees that the Chargor shall continue to be liable for the repayment of all amounts secured by the Charge until all such amounts are repaid in full notwithstanding any:

(a) sale, transfer or assignment of the Charged Property or any beneficial interest in the Charged Property or the Chargor;

(b) renewal, extension, amendment or novation of the Charge on the Charged Property, even if the Chargor no longer owns the Charged Property or any part thereof.

7. RENEWALS AND EXTENSIONS

7.1 In the event that the Chargee agrees to renew or extend the Term of this Charge, such renewal or extension (and the interest rate, term and instalment stipulations of such renewal or extension) shall be binding on the Chargor, all subsequent encumbrancers and other persons with an interest in the Charged Property, regardless of when they acquire an interest in the Charged Property and any guarantors of the Chargor's liabilities to the Chargee under this Charge, and such renewal or extension shall take full priority over all such interests or claims, whether or not the renewal or extension, or notice thereof, is registered on title to the property, and whether or not the interest rate or payment amortization period applicable during the renewed or extended term is greater than or less than, or the same as the interest rate or amortization period applicable during the Term.

7.2 The Chargor covenants with the Chargee to, within thirty (30) Business Days after written request made therefore by the Chargee, deliver to the Chargee at the Chargor's expense, all postponements and other assurances as the Chargee may require to ensure that the Charge, as renewed or extended, has full priority over and is binding on the Chargor, all subsequent encumbrancers and other persons with an interest in the Charged Property and any guarantors of the Chargor's liabilities to the Chargee under this Charge.

7.3 Every renewal or extension shall be at the Chargor's expense including, without limitation, payment of the Chargee's legal expenses on a solicitor and a solicitor's own client basis.

7.4 No renewal or extension of this Charge, even if made by a successor or assign of the Chargor, shall release, abrogate or render any of the covenants, terms, conditions or provisos of this Charge, or the obligations and liabilities of the Chargor or any guarantor or surety, or any other security, unenforceable, void or a nullity, notwithstanding the renewal or extension.

8. PAYMENTS

8.1 The Chargor covenants with the Chargee that the Chargor shall open and maintain a bank account with a recognized financial institution in Canada and shall deliver to the Chargee, as and when required by the Chargee, in such form as the Chargee may reasonably require, a pre-authorized cheque or debit form duly executed by the Chargor together with a voided cheque attached thereto to facilitate the processing of each Monthly Instalment.

8.2 Should the Chargee agree that payments can be made by way of a cheque drawn on a recognized financial institution in Canada, all shall be received by the Chargee at or before 1:00 p.m. Toronto, Ontario time on the date that such payment is due.

8.3 Any payment received by the Chargee after 1:00 p.m. Toronto, Ontario shall be treated as having been received by the Chargee on the next following regular Business Day in Toronto for purposes of calculating interest under this Charge. The receipt of payment shall be the date on which the payment is actually received by the Chargee.

8.4 In the event of a default by the Chargor under this Charge, the Chargee shall have the right to require any payments made during the period of default to made by certified cheque, bank draft or money order, and the Chargee shall not be required to accept non-certified cheques or any promise to pay whatsoever.

9. NO PREPAYMENT PRIVILEGE

9.1 The Chargor acknowledges and agrees that there shall be no prepayment privilege during the Term of this Charge.

9.2 The Chargor covenants and agrees that if this Charge is discharged or repaid before the end of the Term for any reason, the Chargee shall be entitled to be paid, as a condition of giving any discharge:

(a) Six months interest on the balance of the Principal Amount then outstanding, calculated at the rate that interest is then payable under the Charge; or

(b) An interest differential adjustment in an amount which is calculated in accordance with the Chargee's then usual procedures and is based on the difference between:

(i) the Chargee's then current rate for mortgages having a term equal to the remaining period during which the balance of the Principal Amount is payable in regular instalments, and

(ii) the rate at which interest is then payable under the Charge

whichever shall be the greater of (a) or (b).

10. PAYMENT OF OTHER CLAIMS

10.1 The Chargor covenants and agrees that the Chargor shall, at all times, keep every claim against the Charged Property, whether prior or subsequent in priority to the Charge, in good standing and make all payments required under any security given for such claim in accordance with the terms of that security.

11. TAXES

11.1 The Chargor covenants with the Chargee to pay all Taxes when they become due and payable, and in the event that Taxes are not so paid by the Chargor, the Chargee shall not be required to pay such Taxes as a pre-condition to exercising the Chargee's rights to enforce this Charge; provided that:

(a) the Chargee may deduct from any advance of the monies secured by this Charge an amount sufficient to pay any Taxes which may become due and payable as at the date of such advance;

(b) the Chargee may estimate the amount of the annual Taxes which will become due and payable and deduct from the final advance an amount which, when added to the Monthly Instalment to be paid by the Chargor prior to the due date for the payment of such Taxes, will enable the Chargee to pay the whole amount of such Taxes on or before the date for payment thereof, or if such Taxes are payable in instalments, on or before the date for payment of the first instalment thereof;

(c) after the final advance, the Chargee may estimate the amount of Taxes payable in each year and the Chargor shall pay to the Chargee one-twelfth of the estimated amount of Taxes next becoming due and payable on the date each month on which each Monthly Instalment is payable under this Charge, each payment being a Pro-Rated Tax Payment; and

(d) in any event, the Chargor shall pay to the Chargee an amount sufficient to enable the Chargee to pay all Taxes on or before the Tax Due Date, and the Chargor shall pay to the Chargee forthwith on demand the Debit Balance.

11.2 The Chargor agrees to deliver to the Chargee all tax bills and other notices which affect the imposition of Taxes within ten (10) Business Days after receipt thereof by the Chargor.

11.3 The Chargor acknowledges and agrees that the Chargee may charge interest at the rate of interest provided for by this Charge on the principal and any Debit Balance which remains after a payment of Taxes is made by the Chargee until such time as the Chargor pays the Debit Balance to the Chargee together with interest thereon.

11.4 The Chargee shall allow the Chargor interest at not less than the prevailing rate allowed by National Bank of Greece (Canada) on personal savings deposits with chequing privileges, as determined by the Chargee, on the minimum monthly balances standing in the mortgage account from time to time to the credit of the Chargor for payment of Taxes, such interest to be credited to the mortgage account at least once each calendar year; and the Chargor shall be charged interest at the lower of National Bank of Greece (Canada)'s Prime Rate plus two percent (2.00%) and the Interest Rate on any debit balance from time to time, if any, of Taxes in the mortgage account outstanding after payment of Taxes by the Chargee, until such debit balance is fully repaid.

11.5 The Chargor covenants and agrees with the Chargee that, in the event that the Chargee does not require the Chargor to remit prorated Taxes to the Chargee pursuant to the foregoing provisions, the Chargor shall pay all Taxes directly to the taxing authority for the jurisdiction in which the Charged Property is located when such Taxes are due and payable and provide written confirmation thereof to the Chargee within five (5) Business Days of such payment; provided that the Chargee retains the right to require the Chargor to make monthly instalments of such Taxes calculated as aforesaid to the Chargee in the event of default under this Charge.

11.6 The Chargor acknowledges and agrees that the Chargee shall apply any deductions or payments for Taxes to the credit of such Taxes so long as the Chargor is not in default under this Charge, but nothing in this Charge shall obligate the Chargee to apply such deductions or payments on account of Taxes more often than yearly; provided that if, before any such deductions or payments have been so applied, an event of Default occurs, or the Chargee may apply such deductions or payments towards the payment of such principal, interest or other amounts secured by this Charge in default; provided that the Chargee shall make all payments of tax instalments as they shall fall due and payable.

11.7 The Chargor acknowledges and agrees that the failure of the Chargor to pay any instalment of Taxes due to the Chargee or the taxing authority pursuant to the foregoing provisions shall constitute an Event of Default under this Charge and the date of such default shall be deemed to have occurred on the date that such instalment was due and the Chargee shall not be required to pay any Taxes to the taxing authority as a condition of the Chargee exercising its rights and remedies under this Charge and at law.

12. INSURANCE

12.1 The Chargor covenants and agrees, notwithstanding anything herein contained, that at all times during the Term of this Charge, the Chargor shall maintain the following insurance coverage on the Improvements and with respect to the Charged Property and the business conducted by the Chargor on and in the Charged Property in accordance with requirements of the Lending Agreement, including:

(a) "All Risk" coverage with "By-laws" coverage in an amount satisfactory to the Chargee and including the endorsements for conflict, encumbrance, fire department service charges, immediate repairs, loss of control, debris removal, permission to enter and repair, release and subrogation, re-instatement of loss and unearned premium, waiver of terms and conditions and joint loss agreement;

(b) comprehensive broad form boiler and machinery coverage on all electrical, mechanical and compression in an amount satisfactory to the Chargee;

(c) business interruption or rental loss coverage on an insurable gross rents basis sufficient to cover 100% of the gross annual rents of the Charged Property and, where the rents are on a fully net basis, on the equivalent gross rents for the same period; and

(d) comprehensive public liability coverage for claims for personal injury, death, property damage or loss in an amount of no less than $1,000,000, or such other amount as the Chargee may stipulate in writing from time to time, for each occurrence.

12.2 The Chargee covenants with the Chargor to pay all insurance premiums for all insurance coverage when such premiums are due and payable.

12.3 The Chargor covenants with the Chargee that all insurance policies shall:

(a) be endorsed to show the Chargee as a loss payee as the Chargee's interests may appear and such policies shall provide that any loss shall be payable to the Chargee as the Chargee's interest may appear;

(b) be with an insurer or insurers acceptable to the Chargee, acting reasonably, and each such policy shall be signed by the insurer or insurers, or agents or brokers authorized to sign on behalf of each insurer;

(c) be without co-insurance or have a stated or stipulated amount co-insurance clause for an amount equal to or less than the policy limit;

(d) grant permission of partial occupancy and stipulate that reconstruction shall not be limited to the same site;

(e) include a provision that the insurer shall give the Chargee a minimum thirty (30) days written notice of any material alteration to or cancellation of the policy and a minimum ten (10) days advice as to the renewal of the policy prior to the renewal;

(f) contain standard approved IBC "standard mortgagee" clauses in favour of the Chargee approved by the Chargee;

(g) include a joint loss agreement with separate Boiler and Machinery coverage; and

(h) contain By-laws coverage satisfactory to the Chargee.

12.4 Notwithstanding anything contained in the Lending Agreement or this Charge, the Chargor covenants and agrees with the Chargee to obtain and maintain such other form or forms of insurance coverage, including environmental liability coverage, as the Chargee may deem prudent, acting reasonably upon written request therefor made by the Chargee.

12.5 The Chargor covenants with the Chargee to, on written request made therefore, deliver to the Chargee, at the Chargor's expense, a certificate, opinion or other satisfactory report prepared by a competent appraiser or independent insurance consultant selected by the Chargee as to the sufficiency or otherwise of any insurance coverage, and as to the type and amount thereof.

12.6 The Chargor agrees that any deviation from the requirements set forth in the Lending Agreement for insurance coverage must be approved by the Chargee in writing, such approval not being unreasonably withheld.

12.7 The Chargor covenants that the Chargor shall, forthwith on the written request of the Chargee, provide the Chargee with a certified copy of every insurance policy aforesaid, and on request, copies of any and all receipts of payment of insurance premiums therefor and the Chargor acknowledges and agrees that the Chargee shall have a lien on the proceeds of all the aforesaid insurance policies for all the amounts secured by this Charge.

12.8 The Chargor acknowledges and agrees that in the event that the Chargor fails or neglects to maintain the insurance required by the Lending Agreement and this Charge, or to deliver such policies or receipts as aforesaid, the Chargee shall be entitled to, but will not be obliged, to obtain such insurance coverage and pay any premiums therefor and charge the same to the Chargor with interest thereon at the Interest Rate and any such premiums and interest shall be a charge or lien on the Charged Property ranking in priority to every other lien, charge, claim or encumbrance thereon ranking subsequent to this Charge.

12.9 The Chargor covenants that, forthwith on the happening of any loss or damage, the Chargor shall furnish to the Chargee, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance proceeds.

12.10 Any insurance proceeds received may, at the Chargee's option, be applied to rebuilding, reinstating or repairing the Charged Property or to be paid to the Chargor or any other person appearing by the registered title to be the owner of the Charged Property or be applied or partly paid in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on account of the amounts secured by this Charge, whether due or not then due.

12.11 The Chargor acknowledges and agrees that in the event that the Chargee takes out insurance coverage in respect of the Charged Property for the risks specified in section 12.1 of this Charge, or any other risks that the Chargee obtains coverage for, in the Chargee's sole discretion, the Chargee shall not be bound to insure the interest of any other person whatsoever, or to pay any insurance premium on any insurance policy, or be responsible for any loss arising out of any defect in any insurance policy or failure of any insurer to pay for any loss thereunder.

13. FURTHER ASSURANCES

13.1 The Chargor shall execute such further assurances of the Charged Property and execute and deliver such collateral security and do such further acts as the Chargee may require to further perfect and secure this Charge and, in the event of default, the Chargor shall execute and deliver such further assurances and do such further acts, at the Chargor's expense, as may be required by the Chargee.

14. FINANCIAL STATEMENTS

14.1 The Chargor covenants with the Charged that the Chargor shall provide to the Chargee, within three months of the end of each fiscal year of the Chargor, full financial statements relating to the Chargor and the Charged Property, including statements of income and expense, source of funds, a balance sheet and all supporting notes and schedules, such financial statements to be prepared by qualified accountants in a manner acceptable to the Chargee and in accordance with generally accepted accounting principles and certified by authorized officers of the Chargor.

15. CHARGEE'S RIGHT TO MAKE PAYMENTS

15.1 The Chargor acknowledges and agrees that the Chargee may pay all insurance premiums, Taxes, public and other utility charges, heating costs, collection costs and other expenses which may from time to time fall due and be unpaid in respect of the Charged Property.

15.2 Any such payments, together with all costs, charges and expenses which the Chargee incurs in taking, recovering and keeping possession of the Charged Property and of negotiating the loan secured by this Charge, investigating title and conducting all related searches and inquiries, registering this Charge and all related registrations, and generally in any other proceedings taken in connection with or to realize or collect this security, shall be, with interest thereon at the Interest Rate, a charge on the Charged Property in favour of the Chargee.

15.3 The Chargor acknowledges and agrees that the Chargee may, but shall not be obliged to do so, pay or satisfy any lien, charge or encumbrance now existing or hereafter coming into existence against the Charged Property.

15.4 The Chargor acknowledges that all costs, charges, legal fees (as between a solicitor and client on a full indemnity basis) and expenses which may be incurred in taking, recovering and keeping possession of the land and of negotiating the Charge, investigating title, registering the Charge, and other necessary deeds and generally in any other proceeding taken in connection with or to realize upon the security given in the Charge (including legal fees, real estate commissions and other costs incurred in leasing, managing or selling the land or in the exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge. Provided, and it is hereby further agreed, that all amounts paid by the Chargee as aforesaid shall be added to the principal amount secured by the Charge and shall be payable forthwith with interest at the rate provided for in the Charge and, on default all sums secured by the Charge shall immediately become due and payable at the option of the Chargee, and all powers in the Charge conferred shall become exercisable.

15.5 Any of the above amounts paid by the Chargee shall be added to the debt secured by this Charge and shall be payable forthwith with interest thereon at the Interest Rate, and in default, the entire Principal Amount interest and other amounts secured by this Charge shall, at the option of the Chargee, immediately become due and payable and all powers by this Charge conferred shall become exercisable.

16. OBLIGATION TO REPAIR AND RIGHT TO INSPECT

16.1 The Chargor covenants and agrees to keep the Charged Property in good condition and repair according to the nature and description thereof respectively, and the Chargee and the Chargee's agents may, whenever the Chargee reasonably deems it necessary, enter on and in the Charged Property for the purpose of inspecting same and make all necessary repairs, including major repairs; provided that the Chargee shall first advise the Chargor in writing of such repairs to be undertaken ten (10) Business Days prior to such entry to repair.

16.2 The costs of such repairs and inspections shall be added to the debt secured by this Charge and shall be a charge and lien on the Charged Property in priority to all other claims against the Charged Property subsequent to this Charge, and shall be payable forthwith, and shall bear interest at the Interest Rate until paid.

16.3 If the Chargor neglects to keep the Charged Property substantially in good condition and repair as aforesaid, or commits any act of waste, the determination of which the Chargee shall be the sole judge, acting reasonably, or allows any improvements on the Charged Property to remain unfinished or without any work being done thereon for thirty (30) days, all amounts secured by this Charge shall, at the option of the Chargee, immediately become due and payable and all powers conferred by this Charge shall become exercisable.

17. OBLIGATION TO COMPLY WITH LAWS

17.1 The Chargor covenants and agrees to comply with all laws, regulations and by-laws which apply to the ownership, maintenance, repair, use and occupation of the Charged Property.

17.2 The Chargor covenants and agrees that the Chargor shall not commit, cause to be committed or permit the commission of any activity on, in or under, or the use or occupation of the Charged Property which violates the Criminal Code of Canada, and where such activity, use or occupation is caused by persons or corporations other than the Chargor, the Chargor will take all reasonable legal steps, proceedings and actions for the purpose of halting the criminal activity.

18. QUIET POSSESSION

18.1 Until the occurrence of an Event of Default under this Charge, the Chargor shall have quiet possession of the Charged Property.

18.2 On the occurrence of an Event of Default under this Charge, the Chargee may forthwith enter on and in the Charged Property and take possession thereof, and have quiet possession thereof until such time that every default has been cured to the satisfaction of the Chargee.

19. RIGHT TO ACCELERATE PAYMENT

19.1 On the occurrence of any Event of Default under this Charge, all amounts secured by this Charge may, at the option of the Chargee, immediately become due and payable together with all interest and other amounts secured by this Charge with interest thereon.

19.2 In the event that the Charged Property or a substantial part thereof is expropriated by any government, government agency or government regulated entity, the Chargee shall, at its sole option, have the right to accelerate payment of the amounts secured by this Charge and all such amounts secured by this Charge shall immediately become due and payable together with all interest and other amounts secured by this Charge with interest at the Interest Rate thereon until payment is made.

20. RIGHT TO DISTRAIN

20.1 The Chargor covenants and agrees that the Chargee may distrain for arrears of principal, interest and other amounts secured by this Charge, and all costs and expenses related thereto.

21. RIGHT TO INSPECT

21.1 The Chargor agrees that the Chargee shall have the right to inspect the Charged Property from time to time by arrangement with the Chargor, and the Chargor's tenant if such is the case, or on two (2) Business Days written notice to the Chargor.

22. CONDOMINIUM

22.1 If the Charged Property is not subject to the provisions of the Condominium Act, the Chargor shall not register or cause any registration to be made, the effect of which would be to make the Charged Property or any part of the Charged Property subject to the Condominium Act.

22.2 If the Charged Property is subject to the provisions of the Condominium Act, then the Chargor shall:

(a) comply with all provisions of the Condominium Act and its regulations;

(b) comply with all of the provisions of the condominium corporation's declaration, by-laws, regulations and rules; and

(c) pay all common expenses, special assessments, contributions to the capital reserve fund, or any other charges levied by the condominium corporation which are not in dispute.

22.3 The Chargor hereby assigns all rights to vote and to consent or not consent that the Chargor has pursuant to the Condominium Act and the Chargor authorizes the Chargee to exercise the rights of the Chargor to vote or to consent or not consent for and in respect of all matters provided for or contemplated by the Condominium Act; provided that the Chargee shall not be required to vote or give or withhold consent and, provided that the Chargee will only exercise such voting rights when this Charge is in default.

22.4 Notwithstanding the foregoing provision, the Chargor covenants with the Chargee that the Chargor shall vote in such manner as the Chargee directs from time to time with respect to every vote that the Chargor is entitled to cast in connection with the affairs of the condominium corporation.

22.5 The Chargor shall deliver to the Chargee written notice of every meeting of the owners at least ten (10) Business Days prior to such meeting, such notice to specify the information required by the Condominium Act with respect to the giving of such notices.

22.6 The Chargor shall deliver to the Chargee copies of any or all of the condominium corporation's current declaration, by-laws, regulations and rules and copies of all notices, minutes, resolutions, accounts, insurance policies, warranties, plans, lists of assets of the condominium corporation, all agreements relating to the management, operation, maintenance and repair of the Charged Property, all financial records of the condominium corporation relating to the operation of the of the condominium corporation or the Charged Property, budgets and other documents relating to the financial statements and to the affairs of the condominium corporation as the Chargor may receive from time to time, within ten (10) Business Day's of the date that written notice is given to the Chargor requesting same.

22.7 In the event that the Chargee is required to give a partial discharge or discharges of this Charge pursuant to the provisions of the Condominium Act, the Chargor covenants with the Chargee that the Chargor shall pay to the Chargee on written demand there for an amount equal to the Re-investment Loss, the total amount thereby calculated being a genuine pre-estimate of the damages that the

Chargee will suffer as a result of the early partial repayment of the amounts secured by this Charge; provided that the Chargee shall have the sole right to calculate the Re-investment Loss and that the Chargee shall not be obliged to deliver any discharge or other documents whatsoever until the Re-investment Loss has been paid to the Chargee in full without set-off, deduction or counterclaim whatsoever.

23. ENVIRONMENTAL WARRANTIES, REPRESENTATIONS, COVENANTS AND INDEMNITIES

23.1 The Chargor warrants and represents to the Chargee that:

(a) the Chargor has never caused or permitted any Contaminant to be brought or stored on, in or under, or removed from the Charged Property without government consent;

(b) the Chargor has never caused or permitted a Discharge of a Contaminant into the natural environment as defined in the Environmental Protection Act (Ontario), as amended from time to time, without government consent;

(c) the Chargor is operating the Chargor's business and/or every Tenant is operating the Tenant's business in compliance with all environmental Government Legislation; and

(d) to the best of the Chargor's knowledge and believe, having made reasonable inquiry therefore, there are no notices, orders, proceedings, actions, claims or suits, pending or threatened against the Chargor or the Charged Property with respect to any environmental matter.

23.2 The Chargor covenants with the Chargee that:

(a) the Chargor will continue to operate the Chargor's business and/or require every Tenant to operate the Tenant's business in compliance with all Government Legislation pertaining to the environment;

(b) the Chargor will not permit the Charged Property to be used or operated in violation of any Government Legislation;

(c) the Chargor will not permit the bringing, storage, processing or disposal of any Contaminant on, in or under the Charged Property without the express prior written permission of the Chargee;

(d) the Chargor will, within five (5) Business Days of the receipt thereof, deliver a copy of every notice, order, proceeding, action, claim or suit, pending or threatened against the Chargor or the Charged Property in respect of any environmental matter; and

(e) the Chargor will, within five (5) Business Days of knowledge coming to the attention of any director, officer, employee or agent of the Chargor of the presence of any Contaminant on, in or under the Charged Property or any lands in the vicinity of the Charged Property, so advise the Chargee in writing, providing complete details thereof.

23.3 The Chargor hereby indemnifies the Chargee and the Chargee's shareholders, directors, officers, employees and agents and agrees to hold each and every one of them harmless from all losses, liabilities, damages, costs, expenses and claims of any and every kind whatsoever, including, without liability:

(a) the costs of defending and/or counterclaiming or cross-claiming against third parties in respect of any action, suit or proceeding;

(b) any costs, liabilities or damages arising out of any settlement of any action, suit or proceeding entered into by the Chargee with or without the Chargor's consent; and

(c) the costs, penalties or other losses, liabilities or damages suffered by the Chargee as a result of any prosecution or other action, suit or proceeding under any Governmental Legislation,

which at any time, or from time to time, may be paid, incurred or asserted against any of the Chargee and the Chargee's shareholders, directors, officers, employees and agents with respect to any alleged or proven breach or violation of any environmental Government Legislation, nuisance or negligence by the Chargor, the Chargor's shareholders, directors, officers, employees and agents, or the Chargor's Tenants.

24. CHARGEE'S RIGHT TO INSPECT AND TEST

24.1 The Chargor acknowledges, agrees and confirms that the Chargee and the Chargee's agents and representatives may, from time to time and at any time, both before and after default and before and after any advance under this Charge, and for any purpose deemed necessary by the Chargee or the Chargee's agents or representatives, enter on, in and under the Property for the purpose of inspecting the Property or any portion of the Charged Property.

24.2 Without in any way limiting the generality of the foregoing, the Chargee or the Chargee's agents or representatives may enter enter on, in and under the Charged Property for the purpose of conducting any environmental testing, site assessment, investigation, or study deemed necessary by the Chargee, or the Chargee's agents or representatives, and the reasonable costs and expenses of such testing, assessment, investigation or study, as the case may be, with interest at the Interest Rate, shall be payable by the Chargor forthwith and shall be a charge on the Charged Property.

24.3 The Chargor acknowledges, agrees and confirms that the Chargee may exercise any of the right to inspect set forth in this Charge without the Chargee or the Chargee's agents and representatives being deemed to be in any way in management or control of the Charged Property or the Chargee being deemed a mortgagee in possession of the Charged Property.

25. DEALINGS WITH TENANTS

25.1 The Chargor covenants with the Chargee:

(a) to negotiate with Tenants of the Charged Property with respect to, or renew, extend, modify or amend any Lease in good faith, acting as a prudent landlord; and

(b) not to permit the termination or surrender of any Lease of the Charged Property which has been assigned to the Chargee as collateral security, or permit any reduction in the term or rent of any such Lease without the prior written consent of the Chargee.

26. EVENTS OF DEFAULT

26.1 The Chargor covenants and agrees that notwithstanding any other provision in this Charge, the Chargee may deem this Charge to be in default in the event that the Chargor:

(a) fails to make a payment of a Monthly Instalment and/or a Pro-Rated Tax Payment or any other payment as required herein, on a Payment Date in accordance with the payment provisions of this Charge; or

(b) permits any other amount which is secured by this Charge, or any Taxes, public utilities accounts or insurance premiums which are due and payable under this Charge, or otherwise due and payable by the Chargor and not in dispute, to remain unpaid after the Chargee has made written demand for payment thereof; or

(c) fails to insure the Charged Property in accordance with the Lending Agreement and this Charge; or

(d) fails to observe or perform any covenant or agreement contained in this Charge; or

(e) makes any warranty or representation to the Chargee which is not in any material respect true; or

(f) permits any lien, encumbrance or other claim capable of ranking in priority to this Charge to be recorded or registered against the Charged Property which is not removed or satisfied in full within thirty (30) days of such recording or registration; or

(g) causes or permits any order to be made or any resolution to be passed or adopted, or any petition is filed for the winding-up of the Chargor; or

(h) becomes insolvent, commits an act of bankruptcy, or if a petition in bankruptcy is filed against the Chargor which is not being disputed in good faith by the Chargor, or a proposal made by the Chargor under the Bankruptcy and Insolvency Act is rejected by creditors; or

(i) causes or permits a "stay order" to be issued pursuant to the Companies Creditors Arrangement Act which prohibits the Chargee from enforcing this Charge; or

(j) is the subject of any execution, sequestration or any other judicial process, or any distress or similar process is levied on the Charged Property or against the Chargee which is not, in good faith, being disputed by the Chargor;

(k) fails or refuses to comply with any term, condition or proviso of the Lending Agreement or any other security required pursuant to the Lending Agreement; or

(l) has made any material misrepresentation to the Chargee in the environmental questionnaire contained in the Lending Agreement or if there is any hazardous material, as defined therein, which, in the opinion of the Chargee, materially reduces the market value of the Charged Property,

(m) commits or permits the commission of an event of default under any other charge, mortgage or collateral security given or granted by it to the Chargor pursuant to the terms and conditions of the Lending Agreement,

(n) sells, transfers or assigns title to the Charged Property or any beneficial interest in the Charged Property, the result of which there is a change in control of the Chargor, without the prior written consent of the Chargee; or

(o) sell, transfers or assigns any shares of the Chargor, the result of which there is a change in control of the Chargor, without the prior written consent of the Chargee; or

(p) permits the termination or surrender of any Lease of the Charged Property which has been assigned to the Chargee as collateral security, or permits any reduction in the term or rent of any such Lease without the prior written consent of the Chargee; or

(q) fails to negotiate with respect to, or renew, extend, modify or amend any Lease in good faith, acting as a prudent landlord; or

(r) permits or causes waste to the Charged Property or otherwise causes or permits, by any act or omission, the value of the Charged Property to decline;

(s) abandons the Charged Property, either physically or constructively, or otherwise leaves the Charged Property vacant for more than ten (10) days;

(t) if the Building, at any time during the time hereof, fails to comply with all applicable building, zoning and other municipal by-laws, statutory requirements and regulations (save and except for any such non-compliance which is, in good faith, contested by the Chargor with the Municipality or other body having jurisdiction until the final disposition thereof against the Chargor);

(u) fails to comply with all applicable laws, regulations and by-laws which apply to the ownership, maintenance, repair, use and occupation of the Charged Property; or

(v) commits or permits the commission of criminal activities on, in or under the Charged Property.

26.2 Every such event shall be an "Event of Default" entitling the Chargee to exercise its rights and remedies under this Charge and at law.

26.3 The Chargee may waive any Event of Default in writing at any time after the occurrence of such Event of Default; provided that any such waiver shall apply only to the particular Event of Default and shall not operate as a general waiver or a waiver of any other or future default.

27. POWER OF SALE AND LEASE

27.1 The Chargor covenants and agrees that on the occurrence of an Event of Default hereunder and the continuance of such default for at least 15 days, the Chargee may, on at least 35 days notice given pursuant to this Charge and Part III of the Mortgages Act or any replacement thereof, enter on and in the Charged Property and rent, lease and sell the Charged Property.

27.2 Such notice shall be given to such persons and in such manner and with such time as required and provided for by Part III of the Mortgages Act or any replacement thereof.

27.3 The whole or any part of the Charged Property may be sold by public auction or private contract, or partly one and partly the other; and the proceeds of any sale hereunder may be applied in payment of any reasonable costs, charges and expenses incurred by the Chargee in recovering or taking possession of the Charged Property, or by reason of non-payment or procuring payment of amounts secured by this Charge.

27.4 The Chargee may sell any of the Charged Property on such terms as to credit and otherwise as may appear to the Chargee most advantageous and in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such amounts as have actually been received from the purchaser after the payment of all claims of the Chargee.

27.5 In exercising the power of sale herein, the Chargee may execute all documents which may reasonably be required to complete the power of sale.

27.6 The Chargee shall have the specific authority to lease or licence the use of the Charged Property as the it may deem advisable and expedient in the same manner and on the same terms and conditions as the and in so doing, the Chargee shall act as the agent or attorney of the Chargor with the authority of the Chargor, and the Chargor hereby undertakes to indemnify the Chargee and confirm the Chargee's acts and decisions in this regard;

27.7 Any proceeds of sale or lease received hereunder may be applied, at the discretion of the Chargee, first in payment of any costs, charges and expenses incurred in directly or indirectly in connection with the exercise of the Chargee's rights under this Charge or the Chargor's default hereunder and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain thereafter, such surplus shall be paid as may be required by law.

28. APPOINTMENT OF RECEIVER AND MANAGER

28.1 The Chargor acknowledges and agrees that notwithstanding anything contained in this Charge, on the occurrence of an Event of Default under this Charge and so long as there is a default under the Charge, the Chargee may, from time to time, in writing, appoint a Receiver of all or part of the Charged Property and of the income thereof until such time as the Event of Default is cured, with or without security, and may from time to time, by similar writing, remove such Receiver and appoint another in that Receiver's place.

28.2 In making such appointment or appointments, or in removing any Receiver so appointed, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor.

28.3 Upon the appointment of a Receiver hereunder, the following provisions shall apply:

(a) a written declaration of an officer of the Chargee as to the occurrence and continuance of an Event of Default under this Charge shall be conclusive evidence thereof;

(b) every Receiver shall be the irrevocable agent of the Chargor for the collection of all rents and profits of the Charged Property falling due during the receivership and any arrears thereof in respect of any Leases or Licenses created in priority to this Charge or subsequent thereto;

(c) every Receiver, in the discretion of the Chargee exercised in writing under the Chargee's corporate seal, shall be vested with all or any of the powers and discretion of the Chargee;

(d) the Chargee, acting reasonably may, from time to time in writing, fix the Receiver's reasonable remuneration and the Receiver shall be entitled to deduct the same from the proceeds of the operation or disposition of the Charged Property;

(e) every Receiver shall, in so far as the responsibility for any act or omission of the Receiver is concerned, be deemed the agent or attorney of the Chargor and in no event the agent or attorney of the Chargee or the Chargee's agents;

(f) the appointment of a Receiver hereunder by the Chargee shall not create any liability on the part of the Chargee to the Receiver in respect of the appointment or as a result of any act or omission of the Receiver;

(g) the removal of a Receiver or the termination of any receivership created hereunder shall not constitute the Chargee a chargee-in-possession of the Charged Property;

(h) the Receiver shall have the authority to lease or licence the use of, or sell the Charged Property as the Receiver may deem advisable and expedient in the same manner and on the same terms and conditions as the Chargee is permitted by this Charge, and in so doing, the Receiver shall act as the agent or attorney of the Chargor with the authority of the Chargor, and the Chargor hereby undertakes to indemnify the Receiver and confirm the Receiver's acts and decisions in this regard;

(i) the Receiver shall, acting reasonably have full authority to complete any unfinished construction on the Charged Property to the extent that, when completed, the structures and buildings shall be as represented to the Chargee by the Chargor for the purposes of inducing the Chargee to enter into the Lending Agreement;

(j) the Receiver shall, acting reasonably, have full authority to manage, operate, repair and maintain the Charged Property during the receivership; and

(k) the Receiver shall not be liable to the Chargor for monies or damages other than amounts received by the Receiver in respect of the Charged Property.

28.4 Out of the proceeds realized by the Receiver as a result of the management and operation of the Charged Property, the Receiver shall pay in the following order:

(a) the Receiver's reasonable remuneration;

(b) the expenses and costs incurred by the Receiver in connection with the ongoing management, operation, repair and maintenance of the Charged Property;

(c) payments due to prior encumbrancers and for all Taxes, insurance premiums and other proper expenditures made or incurred by the Receiver in respect of the Charged Property;

(d) payment of amounts due to the Chargee under this Charge;

(e) payment of the remainder of any such proceeds to others who have claims against the Charged Property and/or the Chargor and the Chargor to the extent that such claims have been proved and are not in dispute, or otherwise into court.

29. SALE OF THE PROPERTY

29.1 The Chargor acknowledges and agrees that any change in the legal or beneficial ownership of the Charged Property or any transfer or sale of the shares of or reconstitution of the Chargor which results in a change in control of the Chargor shall be subject to the Chargee's prior written consent.

29.2 The Chargor further acknowledges and agrees that in the event of any such change of ownership or control and the new owner or owners or persons in control are not acceptable to this Chargee, or the Chargee's prior written consent is not sought by the Chargor with respect thereto, the Chargee may, at the Chargee's option, deem this Charge to be in default and all amounts secured by this Charge shall become due and payable forthwith.

29.3 In making any request for the Chargee's consent to the proposed change of ownership or control, the Chargor shall give the Chargee:

(a) the full name and address of every person who will acquire ownership or control of the Charged Property or the Chargor;

(b) where the person or persons are natural individuals, the birth date of every such individual;

(c) a copy of the most recent audited financial statements of every such person thereof;

(d) where the person is a partnership or a corporation, the full name and address of every partner or director and officer, as the case may be; and

(e) such other information as the Chargee may request.

29.4 The Chargee agrees that all information given to the Chargee in connection with the forgoing shall remain confidential except that the Chargor agrees that the Chargee shall have the right to make such inquiries of every such person as may be required by the Chargee to assist the Chargee is determining whether or not consent should be given.

30. DISCHARGES AND PARTIAL RELEASES

30.1 The Chargor shall not be entitled to receive any discharge or partial discharge of this Charge until all Principal, interest, late or compound interest and all other amounts secured by this Charge whatsoever have been paid to the Chargee in full. The discharge of the Charge shall be prepared by the Chargee and all other legal and other expenses for the preparation and execution of such discharge shall be borne by the Chargor.

30.2 Interest on all amounts secured by this Charge shall continue to run and accrue until actual payment of the amount required to discharge this Charge has been received by the Chargee.

30.3 The Chargee shall have a reasonable time after the payment in full of all amounts secured by this Charge within which to deliver such discharges, cessations, releases and reassignments as may be reasonably required by the Chargor.

30.4 The Chargee may at all times release any part or parts of the Charged Property or any other security, or any covenantor, or any surety for the amounts secured by this Charge, either with or without any sufficient consideration therefor, without responsibility therefor and without thereby releasing any other part of the Charged Property or any person from this Charge, or renewals from any of the covenants implied by the Land Registration Reform Act, 1984 or contained in this Charge without being accountable to the Chargor for the value thereof, or for any amounts except those actually received by the Chargee.

31. ADMINISTRATION CHARGES

31.1 The Chargor agrees that the Chargee shall have the right to charge and add to the debt secured by this Charge a reasonable amount for:

(a) the preparation of mortgage statements requested by or on behalf of the Chargor;

(b) the preparation of any discharge or partial discharge of this Charge or any releases, reconveyances, transfers, discharges and assignments related thereto and such further assurances which the Chargor may reasonably require;

(c) handling dishonoured cheques;

(d) inspecting the Charged Property after an Event of Default which has not been cured; or

(e) the processing of any renewal, extension or amendment of this Charge or the collateral security required by the Chargor, or any recasting or re-documentation of the loan which is the subject of this Charge.

32. CHARGEE MAY RETAIN EXPERTS

32.1 The Chargor acknowledges and agrees that the Chargee may retain, at the Chargee's option and in the Chargee's sole discretion, the services of legal counsel, property managers, appraisers, evaluators, realtors, consultants, environmental engineers and consultants and other experts in connection with the loan including every service required by the Chargee to satisfy the Chargee that the first and any other advance should be made to the Chargor; to preserve, perfect and maintain the Chargee's security during the Term; to determine the environmental condition and state of the Charged Property and to take possession of, maintain, repair, preserve, lease and sell the Charged Property and generally to protect the Chargee's security in the Charged Property.

32.2 The Chargor further acknowledges and agrees with the Chargee that all expenses reasonably incurred in retaining such services shall be at the sole expense of the Chargor. Legal costs shall be recoverable from the Chargor on a solicitor and his own client basis.

32.3 The intent of the foregoing provisions is that the Chargee shall not be out-of-pocket as a result of making the said loan to the Chargor or protecting the Chargee's security therefore.

33. NOTICES

33.1 Any notice required by or given under or in connection with this Charge may be effectively given if it is in writing and addressed to the party to whom the notice is being given at the address set forth in the Charge/Mortgage of Land, or transmitted by telecopier to a telephone number maintained by the receiving party for such communications.

33.2 Such notice shall be deemed to have been received by the party to whom it is given:

(a) if given by Canada Post, on the third Business Day after the date that the envelope containing the notice is post marked by Canada Post;

(b) if given by priority post or private courier, on the second Business Day after the envelope containing the notice is delivered to Canada Post or the private courier for delivery; and

(c) if given by a fax machine, on the same Business Day that the notice is transmitted if transmitted before 3:00 pm that day, otherwise on the next Business Day when the receiving party is open for business.

33.3 The Chargor acknowledges and agrees that the Chargee shall be entitled to give any notice provided for by these Standard Charge Terms, the Lending Agreement, the Mortgages Act, the Bankruptcy Act, the Farm Debt Review Act and any other Governmental Legislation, to the Chargor addressed to the address set forth in Box (13) of the Charge/Mortgage of Land and that any such notice shall be deemed to have been given in accordance with the provisions of these Standard Charge Terms and the said Governmental Legislation unless and until the Chargor gives written notice to the Chargee pursuant to this section of a new, alternate or other address for service on the Chargor.

34. FAMILY LAW ACT

34.1 Where the Chargor is a natural person, immediately after any change or happening affecting any of the following, namely:

(a) the spousal status of the Chargor; or

(b) the qualification of the Charged Property as a matrimonial home within the meaning of Part II of the Family Law Act or successor legislation,

the Chargor shall advise the Chargee accordingly and furnish the Chargee with full particulars thereof, the intention being that the Chargee shall be kept fully informed of the names and addresses of the owner or owners from time to time of the Charged Property and of any spouse who is not an owner but who has a right of possession in the Charged Property pursuant to the said act.

35. FARM DEBT REVIEW ACT

35.1 The Chargor warrants and represents to the Chargee that the Chargor is not a "farmer", is not "farming" the Charged Property and that the Charged Property is not "property of a farmer" within the meaning of the Farm Debt Review Act (Canada).

35.2 The Chargor covenants and agrees that if the Chargor becomes a "farmer", commences "farming" the Charged Property or the Charged Property" becomes "property of a farmer" within the meaning of the said Act, the Chargor shall forthwith give written notice thereof to the Chargee pursuant to these Standard Charge Terms.

35.3 The Chargor hereby waives the right to any and all notices under the Farm Debt Review Act (Canada), including, but not limited to the notice requirements set forth in section 22 of that Act.

36. BANKRUPTCY AND INSOLVENCY ACT

36.1 The Chargor warrants and represents to the Chargee that, at the time that this Charge is granted to the Chargee, the Chargor is not an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.2 The Chargor covenants and agrees that the Chargor shall, forthwith on the Chargor becoming an insolvent person within the meaning of the Bankruptcy and Insolvency Act, advise the Chargee in writing that the Chargor is an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.3 The Chargor acknowledges and agrees that until the Chargee receives such advice in accordance with the notice provisions of this Charge, the Chargee shall have the right to treat the Chargor as not being an insolvent person within the meaning of the Bankruptcy and Insolvency Act.

36.4 The Chargor hereby waives the right to any and all notices under the Bankruptcy and Insolvency Act, including, but not limited to the notice requirements set forth in section 244(1) of that Act.

37. NON-MERGER OF COVENANTS

37.1 The Chargor acknowledges and agrees that the taking of judgement or judgments on any of the covenants in this Charge or implied by law shall not operate as a merger of the covenants or affect the Chargee's right to interest at the rate and at the times provided for in this Charge; and further, that any judgment shall provide that interest thereon shall be calculated at the same rate and in the same manner as provided for in this Charge until the judgment is fully paid and satisfied.

38. NON-MERGER OF THE LENDING AGREEMENT

38.1 The Chargor acknowledges and agrees that the execution and delivery of this Charge, any collateral security and further assurances in support of this Charge shall in no way merge or extinguish the terms and provisions of the Lending Agreement comprising the commitment offer of the Chargee signed by the Chargor and any amendments thereto shall continue in full force and effect; provided that in case of any inconsistency or conflict between any provision of the Lending Agreement and any provision of this Charge, the provisions of this Charge shall prevail.

39. SEVERABILITY AND WAIVER

39.1 In the event that any provision of this Charge is found by a court or other competent authority for any reason to be illegal, invalid or otherwise unenforceable, such illegality, invalidity or unenforceability shall not affect any other provision of this Charge and this Charge shall nevertheless be interpreted and construed as if such illegal, invalid or otherwise unenforceable provision had never been contained in this Charge.

39.2 No extension of time give by the Chargee to the Chargor or anyone claiming under him, or any other dealing by the Chargee with the owner of the land or of any part thereof, shall in any way affect or prejudice the rights of the Chargee against the Chargee against the Chargor or any other person liable for the payment of the money secured by the Charge, and the Charge may be renewed by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrances. It shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal upon the Chargor or obligation on the part of the Chargee in that regard.

40. BINDING ON SUCCESSORS

40.1 The successors and assigns of the parties shall be bound by and have the benefit of the provisions of this Charge.

41. GOVERNING LAW

41.1 This Charge shall be governed by and interpreted in accordance with the laws of the Province Ontario and of Canada as may be applicable.

42. HEADINGS

42.1 The Chargor acknowledges and agrees that all headings in this Charge are for reference only and are not intended to assist in the interpretation of any of the provisions in this Charge.

43. ELECTRONIC CHARGE

The delivery of an Electronic Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the Electronic Charge was in written form, signed by the parties thereto and delivered to the Chargee

44. GUARANTEE

44.1 Each party named in the Charge as a Guarantor hereby agrees with the Chargee as follows:

(a) In consideration of the Chargee advancing all or part of the Principal Amount to the Chargor, and in consideration of the sum of TWO DOLLARS ($2.00) of lawful money of Canada now paid by the Chargee to the Guarantor (the receipt and sufficiency whereof are hereby acknowledged), the Guarantor does hereby absolutely and unconditionally guarantee to the Chargee, and its successors, the due and punctual payment of all principal moneys, interest and other moneys owing on the security of the Charge and observance and performance of the covenants, agreements, terms and conditions herein contained by the Chargor, and the Guarantor, for himself and his successors, covenants with the Chargee that, if the Chargor shall at any time make default in the due and punctual payment of any moneys payable hereunder, the Guarantor will pay all such moneys to the Chargee without any demand being required to be made.

(b) Although as between the Guarantor and the Chargor, the Guarantor is only surety for the payment by the Chargor of the moneys hereby guaranteed, as between the Guarantor and the Chargee, the Guarantor shall be considered as primarily liable therefor and it is hereby further expressly declared that no release or releases of any portion or portions of the land; no indulgence shown by the Chargee in respect of any default by the Chargor or any successor thereof which may arise under the Charge; no extension or extensions granted by the Chargee to the Chargor or any successor thereof for payment of the moneys hereby secured or for the doing, observing or performing of any covenant, agreement, term or condition herein contained to be done, observed or performed by the Chargor or any successor thereof; no variation in or departure from the provisions of the Charge; no bankruptcy of the Chargor; no release of the Chargor or any other thing whatsoever whereby the Guarantor as surety only would or might have been released shall in any way modify, alter, vary or in any way prejudice the Chargee or affect the liability of the Guarantor in any way under this covenant, which shall continue and be binding on the Guarantor, and as well after as before maturity of the Charge and both before and after default and judgment, until the said moneys are fully paid and satisfied.

(c) Any payment by the Guarantor of any moneys under this guarantee shall not in any event by taken to affect the liability of the Chargor for payment thereof but such liability shall remain unimpaired and enforceable by the Guarantor against the Chargor and the Guarantor shall, to the extent of any such payments made by him, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Guarantor; provided, nevertheless, that the Guarantor shall not be entitled in any event to rank for payment against the lands in competition with the Chargee and shall not, unless and until the whole of the principal, interest and other moneys owing on the security of the Charge shall have been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee.

(d) All covenants, liabilities and obligations entered into or imposed hereunder upon the Guarantor shall be equally binding upon his successors. Where more than one party is named as a Guarantor all such covenants, liabilities and obligations shall be joint and several.

The Chargee may vary any agreement or arrangement with or release the Guarantor, or any one or more of the Guarantors if more than one party is named as Guarantor, and grant extensions of time or otherwise deal with the Guarantor and his successors without any consent on the part of the Chargor or any other Guarantor or any successor thereof.

ACKNOWLEDGMENT

This set of Standard Charge Terms is included in a Charge dated the _____ day of _____ 20_____, made by

____

as Chargor(s)

To

____

as Chargee(s)

____

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

____
Guarantor(s)

____
Chargor(s)

____

____

DATED the 30th day of June, 2003.

SOTOS ASSOCIATES LLP

Per:______________________________
Louis Alexopoulos
Solicitors for the
NATIONAL BANK OF GREECE (CANADA)

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 2003/6 Coto

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200371 Cote
Filing Date July 16 2003 Date de Dépôt
Page 1 of/de 8 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by Timmins Regional Credit Union Ltd.

Filing Date:
Filing Number:

The following set of standard charge terms shall be deemed to be included in every Charge in which this set is referred to by its filing number and as provided in Section 9 of the Act.

STATUTORY COVENANTS EXCLUDED

1. The Covenants deemed to be included in the Charge under Sub-Section 7(1), Clauses 1 and 2 of the Land Registration Reform Act, are hereby expressly excluded and replaced by the following Covenants.

COVENANTS IN LIEU OF STATUTORY COVENANTS

2. The Chargor hereby Covenants, promises and agrees to and with the Chargee as follows:

(i) **Authority to Charge the Lands and Premises**

That the Chargor now has good right, full power and lawful and absolute authority to charge the Lands and to give the Charge to the Chargee upon the Covenants contained in the Charge.

(ii) **No Act to Encumber**

That the Chargor has not done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands, or any part or parcel thereof, is or shall or may be in any way impeached, charged, affected, or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

(iii) **Good Title in Fee Simple**

That the Chargor, at the time of the execution and delivery of the Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the Lands and the premises described in the Charge and in every part and parcel thereof, without any manner of trusts, reservations, limitations, provisoes, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

(iv) **Lands and Buildings Not Contaminated**

That the Buildings on the Lands are not insulated with urea formaldehyde foam and do not contain asbestos building materials, polychlorinated biphenyls, radioactive substances or other Hazardous Materials; no Hazardous Materials have been released into the natural environment from or through the Lands; to the best of the Chargor's knowledge, information and belief, after conducting all reasonable inquiries, no Hazardous Materials have been released into the natural environment from properties adjoining the Lands or from properties located within the immediate vicinity of the Lands, except as expressly permitted, licensed or authorized by Government Authority; the Lands have never been used as a land-fill or waste disposal site; no Hazardous Materials are or have ever been stored on or under the Lands; to the best of the Chargor's knowledge, information and belief, after having conducted all reasonable inquiries, no Hazardous Materials are or have ever been stored on or under properties adjoining the Lands or on or under properties within the immediate vicinity of the Lands; the condition of the soil on the Lands is such that it will not prevent or restrict future development of the Lands for commercial purposes.

"Hazardous Material" means any contaminants, pollutants, substances or materials that, when released to the natural environment, could cause, at some immediate or future time, harm or degradation to the natural environment or risk to human health, whether or not such contaminants, pollutants, substances or materials are or shall become prohibited, controlled or regulated by any Government Authority and any "contaminants", "dangerous substances", "hazardous materials", "hazardous substances", "hazardous wastes", "industrial wastes", "liquid wastes", "pollutants" and "toxic substances", all as defined in, referred to or contemplated in federal, provincial and/or municipal legislation, regulations, orders and/or ordinances relating to environment, health and/or safety matters.

(v) **Promise to Pay and Perform**

That the Chargor will pay or cause to be paid to the Chargee the full principal amount and interest secured by the Charge in the manner of payment provided by the Charge, without any deduction or abatement, and shall do, observe, perform, fulfil and keep all the provisions, covenants, agreements and stipulations contained in the Charge. That the Chargor will comply with all orders issued by regulatory authorities and all environmental laws, regulations, and ordinances. That the Chargor will pay, as they fall due, all taxes, rates, assessments, and penalties, whether municipal, local, parliamentary, judicial, or administrative, which now or may hereafter be imposed, charged or levied upon the Lands or against the Chargor, and when required, produce for the Chargee receipts evidencing payment of the same.

The Chargee shall have the right from time to time to estimate the amount of taxes on the charged Lands and premises for each year and to require the Chargor to pay in each month a specified portion of such estimated amount in addition to the monthly instalments stipulated in this Charge (if any); and the Chargor covenants and agrees when so required to pay to the Chargee in addition to the monthly instalments herein mentioned (if any) such specified portion of the said taxes with each of the twelve succeeding monthly instalments herein mentioned next falling due, and the Chargor shall also pay to the Chargee on demand the amount, if any by which the actual taxes exceed such estimated amount. If the principal and interest are repayable on demand only, this amount on account of taxes shall be paid to the Chargee in each month on a day designated by the Chargee. If, before any amount on account of taxes so paid to the Chargee shall have been applied against taxes, there shall be arrears in the payment of principal and/or interest due and payable under this Charge, the Chargee may apply such amount paid on account of taxes instead towards payment of the arrears of principal and/or interest. The Chargee is not obligated to pay interest to the Chargor on amounts paid to the Chargee on account of taxes for the period of time immediately preceding the date the amounts are applied against taxes.

If the payment provisions in this Charge require the Chargor to make payments of principal and interest monthly, the Chargor and the Chargee may from time to time agree that payments of principal and interest (and any amount on account of taxes, if applicable) shall be made more frequently than monthly, in which case the Chargor shall comply with the terms of any such agreement instead of the payment provisions prescribed in this Charge.

If this Charge contains an interest adjustment date, the Chargor further covenants to pay, on such date, interest at the rate set forth in the Charge and all money advanced by the Chargee to the Chargor under the Charge, prior to such interest adjustment date.

(vi) **Obligation to Insure**

That the Chargor will immediately insure, unless already insured, and during the continuance of the Charge keep insured against loss or damage by fire, in such proportions upon each building as may be required by the Chargee, the buildings and the land to the amount of not less than their full insurable value in dollars of lawful money of Canada. Such insurance shall be placed with a company approved by the Chargee. Buildings shall include all buildings whether now or hereafter erected on the Lands, and such insurance shall include not only insurance against loss or damage by fire, but also insurance against loss or damage by explosion, tempest, tornado, cyclone, lightning and all other extended perils customarily provided in insurance policies. Evidence of continuation of all such insurance having been effected shall be produced to the Chargee at least three (3) days before the expiration thereof; otherwise, the Chargee may provide therefor and charge the premium paid and interest thereon, at the rate provided for in the Charge, to the Chargor and the same shall be payable forthwith and shall also be a Charge upon the Lands. It is further agreed that the Chargee may, at any time, require any insurance of the buildings to be cancelled and new insurance effected by a company to be named by the Chargee, and also of his own accord, may effect or maintain any insurance herein provided for in the Charge and the cost of effecting or maintaining same shall also be a Charge upon the Lands. Policies of insurance herein required shall provide that loss, if any, shall be payable to the Chargee as his interest may appear, subject to the standard form of mortgage clause approved by the Insurance Bureau of Canada which shall be attached to the policy of insurance.

(vii) **Obligation to Repair and to Remediate Environmental Contamination**

That the Chargor will keep the Lands and the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever he deems necessary, by his agent, enter upon and inspect the Lands and make such repairs as he deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate provided for in the Charge shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims thereon subsequent to the Charge.

That in the event that, for any reason whatsoever, the representations and covenants contained in subsections 2(iv) and 2(viii) (a) (ii) regarding the Lands are not true or are breached or shall become untrue or breached any time after the registration of this Charge, then the Chargor shall forthwith conduct appropriate removal/remedial action and such removal/remedial action shall be pre-approved by the Chargee, acting reasonably. The Chargor shall conduct such appropriate environmental assessments as the Chargee may reasonably require in its discretion in order to give its approval. If the Chargor fails to conduct such assessments and/or to take appropriate remedial action, the Chargor hereby permits the Chargee to enter upon the Lands to conduct the assessments and/or effect the remedial action, and the reasonable cost of such assessments and/or remediation shall be added to the principal amount and be payable forthwith and be a charge upon the Lands prior to all claims subsequent to the Charge.

(viii) **Alterations**

(a) That the Chargor will not

(i) Permit waste to be committed or suffered on the charged premises;

(ii) Discharge or permit the discharge into the natural environment of the charged premises and/or neighbouring lands of any contaminant in an amount, concentration or level in excess of that prescribed by the regulations under the Environmental Protection Act of Ontario, or any similar or successor legislation, or if the contaminant is likely to cause an adverse effect; and

(iii) Suffer or permit any change in the general nature of the occupancy of the charged premises.

grantee, transferee, or lessee not approved in writing by the Chargee;

(ii) The failure of such a purchaser, grantee, transferee or lessee to:

(a) Apply for and receive the Chargee's written approval as aforesaid;

(b) Personally assume all the obligations of the Chargor under this Charge; and

(c) Execute an Assumption Agreement in the form required by the Chargee;

(iii) The death or total permanent disability of the Chargor;

(iv) The insolvency of the Chargor or any Guarantor;

(v) The expiration of three (3) months following the Chargor's withdrawal or expulsion from membership in Timmins Regional Credit Union Ltd.;

(vi) The winding up or dissolution of the Chargor or any Guarantor (if applicable); or

(vii) The Chargor neglecting to keep the buildings, erections and improvements in good condition and repair, or permitting any act of waste in the land (as to which the Chargee shall be sole judge), or making default as to any of the covenants, provisoes, agreements or conditions contained in the Charge or in any Charge to which this Charge is subject;

All monies secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest, as in the case of payment before maturity, the power of entering upon and leasing or selling the Lands and Premises hereby given and all the remedies herein contained may be exercised forthwith. The exercise of the said option by the Chargee shall not be valid unless expressed in writing and signed by an employee of the Chargee.

CHARGEE'S RIGHTS ON DEFAULT

4.

(i) **Interest After Default**

In case default shall be made in payment of any sum to become due for interest at the time provided for payment in the Charge, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the rate provided for in the Charge. In case the interest and compound interest are not paid within three months from the time of default, a rest shall be made, and compound interest at the rate provided for in the Charge shall be payable on the aggregate amount then due, as well after as before maturity and so on from time to time, and all such interest and compound interest shall be a Charge upon the land.

(ii) **Right to Distrain**

If the Chargor shall make default in payment of any part of the interest payable under the Charge, at any of the dates or times fixed for the payment thereof, it shall be lawful for the Chargee to distrain therefor upon the land or any part thereof, and by distress warrant, to recover by way of rent reserved, as in the case of a demise of the land, so much of such interest as shall, from time to time, be or remain in arrears and unpaid, together with all costs, charges and expense attending such levy or distress, as in like cases of distress for rent. Provided that the Chargee may distrain for arrears of principal in the same manner as if the same were arrears of interest.

(iii) **Waiver of Default**

The Chargor agrees that the Chargee may, in writing, at any time or times after default, waive such default and upon such waiver the time or times for payment of said principal amount shall be as set out in this Charge, and further that any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

(iv) **Extensions, Renewals and Variations in Terms Not to Prejudice**

Unless the Chargee agrees in writing to the contrary, the obligations hereunder of the original Chargor and the Guarantors shall survive the granting by the Chargee to the original Chargor or anyone claiming under him, including subsequent owners of the lands or of any part thereof, of any extension of time or renewal or variation in terms in respect of the Charge (whether by informal arrangement or by way of a formal Extension, Renewal, or Amending Agreement signed by the Chargor, or subsequent owner, as the case may be). The Charge may be Renewed, Extended or Amended by an Agreement in writing, prior to, at, or after maturity for any term, with or without an increased rate of interest, between the Chargee and the original Chargor, or subsequent owner, as the case may be, with or without notice to, or the concurrence of, the Guarantors, if any, or any subsequent encumbrancers, and/or the original Chargor in the case of an Agreement with a subsequent owner. A Renewal or Extension of this Charge shall be deemed to not create a new Charge, but rather is an extension of this Charge, notwithstanding that a Renewal or Extension Agreement may amend the effective date of this Charge. It shall not be necessary to register any such Agreement in order to retain priority for the Charge so altered over any instrument registered subsequent to the Charge. Provided that nothing contained in this paragraph shall infer any right of renewal upon the Chargor.

(v) **Entry on Default**

From and after default shall happen to be made of or in the payment of the principal amount, or the interest payable thereon, or any part of either thereof, as provided in this Charge, of or in the doing, observing, performing, fulfilling or keeping of some one or more of the provisions, agreements or stipulations contained herein contrary to the true intent and meaning of this Charge, then and in every case it shall and may be lawful to and for the said Chargee to peaceably and quietly enter into, have, hold, use, occupy, possess, and enjoy the lands hereby charged free and clear and freely and clearly acquitted, exonerated and discharged of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizances, and of and from all manner of other charges or encumbrances whatsoever without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whatsoever.

If the default includes a breach by the Chargor of his covenant to complete an improvement in accordance with the plans and specifications previously approved by the Chargee, the Chargee may, at its discretion, complete the improvement, subject to such reasonable changes in plans and specifications as a prudent owner would make under the circumstances.

(vi) **Power of Sale**

The Chargee, on default of payment for at least fifteen (15) days may, on at least thirty-five (35) days' notice in writing given to the Chargor, enter on and lease the Lands or sell the Lands. Such notice shall be given to such persons and in such manner and form and within such time as provided in the Mortgages Act. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Lands, if occupied, or by placing it on the Lands, if unoccupied, or at the option of the Chargee, by mailing it in a registered letter addressed to the Chargor at his last known address, or by publishing it once in a newspaper published in a county or district in which the land is situate; and such notice shall be sufficient, although not addressed to any person or persons by name or designations; and notwithstanding that any person could be affected thereby may be unknown, unascertained, or under disability. Provided further, that in case default be made in a payment of the principal amount or interest or any part thereof, and such default continues for two months after any payment of either falls due, then the Chargee may exercise the foregoing powers of entering, leasing or selling, or any of them without any notice, it being understood and agreed, however, that if the giving of notice by the Chargee shall be required by law, then notice shall be given to such persons and in such manner and form, within such time as so required by law. It is hereby further agreed that the whole or any part of parts of the Lands may be sold by public auction or private contract, or partly one or partly the other; and that the proceeds of any sale hereunder may be applied first in payment of any costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving in accordance with the terms of this Charge, and inspecting the Lands or by reason of non-payment or procuring the payment of monies, secured by the Charge or otherwise, and secondly in payment of all amounts of principal and interest owing under the Charge; and if any surplus shall remain after fully satisfying the claims of the Chargee as aforesaid, same shall be paid to the Chargor, or as he may direct. The costs, charges, and expenses referred to above shall include, but not be limited to, reasonable administration fees charged by the Chargee to the Chargor for the labour of employees expended in managing and inspecting the Lands and premises on behalf of the Chargee in its capacity as chargee in possession. The Chargee may sell any of the Lands, on such terms as to credit and otherwise as shall appear to him most advantageous, and for such prices as can reasonably be obtained therefor, and may make any stipulations as to title or evidence or commencement of title or otherwise which he shall deem proper, and may buy in or rescind or vary any contracts for the sale of the whole or any part of the Lands, and resell without being answerable for loss occasioned thereby, and in the case of a sale on credit the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers, after the satisfaction of the claim to the Chargee, and for any of said purposes may make and execute all agreements and assurances as he shall think fit. Any purchaser or lessee shall not be bound to see the propriety or regularity of any sale or lease, or be affected by express notice that any sale or lease is improper, and no want of notice or publication when required hereby shall invalidate any sale or lease hereunder.

(vii) **Further Assurances**

From and after default in the payment of the principal amounts secured by the Charge, or the interest thereon, or any part of such principal or interest or in the doing, observing, performing, fulfilling or keeping of some one or more of the covenants set forth in the Charge then, and in every such case, the Chargor and all and every other person whosoever having, or lawfully claiming, or who shall have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Lands shall, from time to time, and at all times thereafter, at the proper costs and charges of the Chargor make, do, suffer and execute, or cause or procure to be made, done, suffered and executed, all and every such further and other reasonable act or acts, deed or deeds, devises, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying and assuring the Lands unto the Chargee, as by the Chargee or his solicitor, shall or may be lawfully and reasonably devised, advised or required.

5. ADDITIONAL TERMS AND CONDITIONS

(i) **Costs Added to Principal**

The Chargee may pay all premiums of insurance and all taxes, rates, levies, charges, assessments, utility and heating charges, which shall from time to time fall due and be unpaid in

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respect of the Lands, and that such payments together with all costs, charges, legal fees (as between solicitor and client) and expenses which may be incurred in taking, recovering and keeping possession of, managing, repairing and improving the Lands and premises in accordance with the terms of this Charge, and inspecting the Lands and of negotiating the charge, investigating title, and registering the Charge and other necessary deeds, and generally in any other proceedings taken in connection with or to realize upon the security given in the Charge (including legal fees and real estate commissions and other costs incurred in selling or leasing the Lands or in exercising the power of entering, lease and sale contained in the Charge) shall be, with interest at the rate provided for in the Charge, a charge upon the land in favour of the Chargee pursuant to the terms of the Charge and the Chargee may pay or satisfy any lien upon the land, which payments with interest at the rate provided for in the Charge, shall likewise be a charge upon the land in favour of the Chargee. Provided, and it is hereby further agreed, that all amounts paid by the Chargee, as aforesaid, shall be added to the principal amount secured by the Charge and shall be payable forthwith, with interest, at the rate provided for in the Charge.

(ii) **Partial Releases**

The Chargee may, at his discretion, at all times, release any part or parts of the Lands or any other security or any surety for the money secured under the Charge, either with or without any sufficient consideration therefor, without responsibility therefor, and without thereby releasing any other part of the Lands or any person from the Charge or from any of the covenants contained in the Charge, and without being accountable to the Chargor for the value thereof, or for any monies except those actually received by the Chargee. It is agreed that every part or lot into which the Lands is or may hereafter be divided, does and shall stand charged for the whole monies secured under the Charge, and no person shall have the right to require the mortgage monies to be apportioned.

(iii) **Discharge**

Upon repayment in full of the monies secured hereby, all accrued interest and charges, and any bonus, if applicable, the Chargee shall sign a cessation of this Charge or, if requested by the Chargor, a transfer of the Charge, and send it to the Chargor within a reasonable time. The Chargor shall pay to the Chargee its usual administrative fee for preparing and signing the Cessation of Charge or Transfer of Charge, whether the Cessation or Transfer is prepared by the Chargee or by the Chargor or his solicitor. The Chargor is solely responsible for registering the Cessation or Transfer on title, at his own expense.

(iv) **Other Security**

This Charge is, in addition to and not in substitution for, any other security held by the Chargee for all or any part of the monies secured hereby. It is understood and agreed that the Chargee may pursue its remedies thereunder or hereunder concurrently or successively, at its option, in the event of default. Any judgment or recovery thereunder or hereunder shall not affect the right of the Chargee to realize upon this or any other security.

(v) **No Right of Prepayment**

This Charge is closed in that the Chargor shall have no right to prepay any part or parts of the monies secured hereby, at any time or times, prior to the date of maturity, provided however, that the Chargee may, in its sole discretion,

(a) Apply towards payment of the monies secured hereby, any monies received by it under any policy of group insurance carried by it on the lives of its borrowing members; and

(b) Calculate interest on a daily basis on the unpaid balance remaining outstanding, on the last previous payment date stipulated herein, and shall then apply said payment received first, in payment of interest so calculated to be due, and the balance, to be applied in reduction of the principal sum, upon receiving a payment from the Chargor, on any date or dates, other than the dates stipulated herein.

(vi) **Non-Merger of Covenants**

The taking of a judgment or judgments on any of the covenants herein, shall not operate as a merger of the covenants, or affect the Chargee's right to interest, at the rate and times provided for in the Charge; and further that any judgment shall provide that interest shall thereon be computed, at the same rate and in the same manner as provided in the Charge, until the judgment shall have been fully paid and satisfied.

(vii) **Date of Charge**

If this Charge contains an interest adjustment date, the date of this Charge shall be deemed to be the interest adjustment date stated in the Charge, notwithstanding that the Charge may have been executed on an earlier date. If this Charge does not contain an interest adjustment date, the date of this Charge shall be deemed to be the date of signature thereof by the first named Chargor.

(viii) **Recovery of Fees**

The Chargor agrees to pay to the Chargee, when due, the Chargee's then current administration and processing fees in connection with the preparation of any Mortgage Statement for Assumption purposes, Amending or other Agreements, statements for information purposes, any fees referred to in Paragraph 4(VI), charges for cheques relating to this Charge where payment has been refused due to insufficient funds or for any other reason and generally any fees in connection with the proper administration of this Charge. Any such fees and charges, if unpaid, shall be added to the principal outstanding pursuant to this Charge, and shall bear interest at the rate required by this Charge. The amount of any such fees or charges in effect at any particular time is available from any branch of Timmins Regional Credit Union Ltd., upon request.

CONDOMINIUM

6.

If the charged Lands is a condominium unit and its appurtenant interest in the common areas, pursuant to the Condominium Act of Ontario, the following provisions shall form part of this Charge:

The Chargee is hereby irrevocably authorized and empowered to exercise the right of the Chargor as an Owner of the Lands, to vote or consent in all matters relating to the affairs of the Condominium Corporation named in the Charge, provided that:

(i) The Chargor shall be entitled to exercise the right to vote or consent, unless the Chargee gives notice of its intention to exercise such rights. Any such notice may be for an indeterminate period of time, or for a limited period of time, or for a specific meeting or matter.

(ii) The Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or protect the interests of the Chargor.

(iii) The exercise of the right to vote or consent shall not constitute the Chargee a mortgagee in possession.

GUARANTEE CLAUSE

7. IN CONSIDERATION of the making, by the Chargee to the Chargor, the loan hereby secured, the Guarantors who have duly executed page one of this Charge:

(i) Agree to be jointly and severally liable with the Chargor, for the due payment of all monies payable hereunder, at the times and in the manner herein provided;

(ii) Unconditionally guarantee full performance and discharge by the Chargor of all of his obligations pursuant to the provisions hereof, at the times and in the manner herein provided; notwithstanding that the obligations of the Chargor hereunder may be void or unenforceable at law or in equity or pursuant to statute.

(iii) Agree to indemnify and save harmless the Chargee against and from all losses, damages, costs and expenses which the Chargee may sustain, incur, or become liable for, by reason of:

  (a) The failure, for any reason whatsoever, of the Chargor to pay the money expressed to be payable pursuant to the provisions of this Charge;

  (b) The failure, for any reason whatsoever, of the Chargor to do and perform any other act, matter or thing pursuant to the provisions of this Charge;

  (c) Any act, action, or proceeding of or by the Chargee, for or in connection with the recovery of the said monies, or the obtaining of performance by the Chargor or any other act, matter or thing pursuant to the provisions of this Charge;

(iv) Agree that the Chargee may at any time, and from time to time, and without notice to the Guarantors, or any consent or concurrence by them, make any settlement, extension, renewal or variation in terms of the said Charge (whether by informal arrangement or by way of a formal Extension, Renewal or Amending Agreement signed by the original Chargor or a subsequent owner prior to, at or after maturity) or take surrender any security, and that no such thing done by the Chargee nor any carelessness or neglect by the Chargee in asserting its rights, nor any other thing of the foregoing, loss by operation of law of any right of the Chargee against the Chargor, nor the loss or destruction of any security, shall in any way release or diminish the liability of the Guarantors hereunder, so long as any monies expressed by this Charge to be payable remain unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid, and

(v) Agree that the Chargee shall not be obliged to proceed against the Chargor, or to enforce or exhaust any security before proceeding to enforce its obligations herein set out, and that enforcement of such obligations may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor, or the enforcement of any security for any such debt or obligation.

INTERPRETATION

8.

It is hereby agreed, that in construing this Charge, the words "Chargor", "Chargee" and "Guarantors", and the personal pronouns "he", "his", "him", "they" or "them" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors", and "he", "she", "it" or "they", "his", "her", "its" or "their" and "him", "her", "it" or "them" respectively, as the number and gender of the party or parties referred to in each case require, and the number and the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. Furthermore, all rights, advantages, privileges, immunities, powers and things hereby secured to the "Chargor" or "Chargors", "Chargee" or "Chargees", shall be equally secured to and exercisable by his, her its or their heirs, executors, administrators and assigns or successors and assigns, as the case may be. All covenants, liabilities and obligations entered into or imposed hereunder upon the "Chargor" or "Chargors", "Chargee" or "Chargees", "Guarantor" or "Guarantors" shall be equally binding upon his, her, its or their heirs, executors, administrators and assigns, or successors and assigns as the case may be; and all such covenants, liabilities and obligations shall be made by the Chargors or Guarantors jointly and severally, unless the Charge specifies otherwise.

9.

DEFINED TERMS

It is hereby further agreed that all words appearing in this Charge that are defined in Section 1 of the Land Registration Reform Act, 1990, except the word "successor", shall be read and construed as having the meaning assigned to them by Section 1 of the Land Registration Reform Act, 1990.

ACKNOWLEDGEMENT OF RECEIPT

I/We, the undersigned, hereby acknowledge receipt of a copy of these Standard Charge Terms, this day of ______________________________.

DATED this ____________________ day of ____.

DATED this 4th day of July, 2003.

Timmins Regional Credit Union Ltd.
by their solicitors, Tanner & Guiney Associates

Per: ____
Geoffrey F. Cauchi

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(b) "Chargee" means the Chargee shown in box 14 of the Mortgage or in the appropriate field as set out in any Mortgage Form in an electronic format.

(c) "Chargor" means the Chargor shown in box 11 of the Mortgage or in the appropriate field as set out in any Mortgage Form in an electronic format;

(d) "Commitment Letter" means a written agreement, whether it be called a Commitment Letter or otherwise entered into between the Chargor, the Covenantor (if any) and the Chargee concerning the terms and conditions pursuant to which the Charge is entered into;

(e) "Costs" includes all fees, costs, charges and expenses that the Chargee incurred in or in connection with or otherwise incidental to,

  (i) the preparation, execution and registration of the Charge and any other instruments or security agreements collateral to the Charge or related to any transaction to which the Charge relates;

  (ii) the collection, enforcement and realization by the Chargee or its agents or any other person, including the legal and other costs of foreclosure, power of sale or execution proceedings, or any other remedies or actions permitted to the Chargee, whether commenced by the Chargee or by another person with respect to the Land secured by the Charge,

  (iii) the procurement of payment of the indebtedness secured by the Charge, whether by way of court action, other legal process or otherwise,

  (iv) any inspection or appraisal of the Land and all legal costs related to the examination of the title of the Land,

  (v) any repairs required to be made to the Land or that in the reasonable opinion of the Chargee, are advisable, in connection with the realization of the security in the Land,

  (vi) the Chargee taking possession of the Land,

  (vii) the Chargee securing, completing or equipping any building, structural or thing on the Land,

  (viii) any common expenses,

  (ix) any premium relating to any liability, fire, title or other insurance on the Land or on any part of the Land,

  (x) the Chargee exercising any of the rights conferred on it by the terms of this Charge, or the standard charge terms or any law, statutory or otherwise.

Any reference to legal costs shall mean costs on a complete and full indemnity basis.

(f) "Events of Default" includes any event referred to in paragraph 43, or otherwise in these standard charge terms;

(g) "Hazardous Substance" means any substance, contaminant, material or condition that, if added to any water or emitted into the air or ground, would create or contribute to the creation of a condition of such water, air or ground that is detrimental to its use by or to the health, safety or welfare of persons or animals or causes damage to plant life or property; any radioactive material or explosive; any substance, contaminant, material or condition declared from time to time to be hazardous, dangerous or toxic under any applicable federal, provincial or municipal law, by-law, regulation or other enactment; any substance, contaminant, material or condition the release, storage, handling or transportation of which is prohibited, controlled or regulated by any such law, by-law, regulation or enactment and any other substance, contaminant, material or condition which is or may become hazardous, toxic or dangerous to persons, or property, or plant or animal life including urea formaldehyde foam type insulation or asbestos.

(h) "Land" means the land described or referred to in box 5 of the Mortgage Form or in the appropriate field as set out in any Mortgage Form prepared in any electronic format together with the improvements, appurtenance, tenements, all estates (including any leasehold estate) and interest therein and for greater certainty includes all buildings, plant, machinery, erections and improvements, fixed or otherwise, present or future, built, placed or put thereon, including, without limitation, fixtures as described in paragraph 14;

(i) "Mortgage" means the Mortgage Form and these charge terms read together, as amended and extended from time to time;

(j) "Mortgage Form" means the Form 2 charge/mortgage of land under the Land Registration Reform Act (Ontario) as amended or replaced from time to time, which refers to these charge terms and all schedules and addenda attached to such Form 2 and "Mortgage Form" includes a Mortgage Form prepared and registered in electronic format and all schedules thereto under Part III of the said Act;

(k) "Taxes" means all taxes, assessments, rates, duties, levies, government fees, utility charges, claims and dues levied, assessed or imposed on the Chargor's interest in the Land or on the Chargor which may form an encumbrance on the Land, by any level of government or its agencies or corporations or any utility company.

1.2 Certificate Conclusive. Every certificate signed by one of the representatives of the Chargee purporting to show the amount of monies at any particular time due and payable under this Charge shall, in the absence of manifest error, become conclusive evidence as against the Chargor or Covenantor of the amount due and payable at such time under this Charge.

1.3 Invalidity. The invalidity or unenforceability of the whole or any part of any paragraph of this Charge shall not affect the validity or enforceability of any other paragraph or the remainder of such paragraph.

1.4 Headings. The headings used in this Charge have been inserted for convenience for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Charge.

1.5 Jurisdiction. This Charge will be governed by and construed in accordance with the Laws of Ontario, and no other provincial jurisdiction and the Laws of Canada applicable to the Province of Ontario and the parties hereby agree to only attorn to the jurisdiction of Ontario.

1.6 Time of the Essence. Time shall be of the essence of this Charge.

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1.7 Consolidation. The doctrine of consolidation shall apply to this Mortgage.

1.8 Interpretation. Whenever in this Mortgage the singular or neuter pronoun is used the same shall be respectively construed as the plural, masculine, feminine or body corporate as the context may require.

1.9 Joint and Several Liability. If there is more than one Chargor, the liability of such persons is joint and several and every reference in this Charge to one Chargor shall be construed as meaning each person who executed this Charge as a Chargor as well as all of them.

1.10 Conflict with Mortgage Form. If there is any conflict between these charge terms and any express terms in the Mortgage Form, the provisions of the express terms in the Mortgage Form shall prevail.

1.11 Conflict with Commitment Letter. In the event of a conflict or inconsistency between the terms of this Charge and the terms of the Commitment Letter, the Charge is to prevail, unless the Commitment Letter states that it shall prevail.

1.12 Enurement. This Charge shall enure to the benefit of and be binding upon the Chargor and the Chargee and their respective heirs, personal representatives, successors and permitted assigns.

1.13 Including. Any reference to "including" shall mean "including without limitation" whether or not expressly provided.

2. Exclusion of Statutory Covenants. The implied covenants deemed to be included in a Charge under subsection 7(1) of the Act, and shown as paragraphs 1 and 2 of the said subsection 7(1), shall be and are hereby expressed excluded and replaced by this set of Standard Charge Terms.

3. Right to Charge the Land. The Chargor now has good right, full power and lawful and absolute authority to charge the Land and to give this Charge to the Chargee upon the covenants contained in this Charge.

4. No Act to Encumber. The Chargor has not done, committed, or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Land, or any part of the parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

5. Good Title. The Chargor, at the time of the execution and delivery of this Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the lands and premises described in this Charge and in every part and parcel thereof without any manner of trust, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

6. Void on Payment. Provided this Charge will be void upon payment of the principal amount, interest, Costs and all other amounts payable under this Charge to the Chargee at the address for service stated in the Charge, or at such place as the Chargee shall by notice from time to time designate, save and except those warranties and representations that are stipulated in these standard charge terms to survive payment.

7. Covenant to Pay and Observe Covenants. The Chargor covenants with the Chargee that the Chargor will pay the full principal amount, and interest secured by this Charge, and all Costs and other amounts payable under this Charge without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in this Charge.

8. Compound Interest. If default shall be made in payment of any sum to become due for interest at any time appointed for payment, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the interest rate provided for in this Charge, and in case the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a Charge charged upon the Land and shall be secured by the Charge.

9. Obligation to Advance. The Chargee shall not be bound, for any reason whatsoever, to advance the monies intended to be secured hereby, or having advanced part thereof, to advance the remainder.

10. Obligation to Insure. The Chargor will obtain and maintain insurance on the Land in form, type of casualty, companies and amount satisfactory to the Chargee with loss payable to the Chargee under policies containing or having attached thereto a standard mortgage clause satisfactory to the Chargee and without limiting the foregoing, such insurance shall include a policy covering against all risks with a replacement endorsement and if the policy be subject to a co-insurance clause, a stated amount co-insurance clause endorsement and if a steam boiler or any other object generating steam or operated by steam or if a sprinkler system shall be operated in the buildings on the Land, the Chargor's obligation to insure shall include insurance against loss or damage by explosion of or caused by such boiler or other object or apparatus and loss or damage caused by such sprinkler system with a replacement endorsement, and such business interruption or rental income loss insurance and third party liability insurance on a comprehensive basis and such other policies as the Chargee may require.

In the event the Chargor fails to maintain adequate insurance then the Chargor hereby appoints the Chargee to place any insurance on the buildings on the Land with a company or companies to be chosen by the Chargee and also may effect or maintain any insurance provided for, provided that under no circumstances shall the Chargee be obligated to so place or maintain any insurance.

Written evidence of the renewal of every policy of insurance shall be delivered to the Chargee at least thirty (30) days before the termination thereof or the Chargee may provide therefor; and that the Chargee shall have a lien for the charge debt on all insurance on the said buildings whether effected under the foregoing covenants or not; and if the Chargor does not keep any buildings insured as required herein, or deliver any policy or receipt or provide to the Chargee evidence of renewal as provided for herein, the Chargees shall be entitled, but shall not be obliged, to insure any or all of the buildings which are subject to this Charge. The foregoing covenants and provisions as to insurance shall apply to all buildings whether now or hereafter erected on the Land.

If any loss or damage occurs, the Chargor shall immediately notify the Chargee and furnish, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies. The production of this Charge shall be sufficient authority for the insurance company to pay any such loss to the Chargee and the said insurance company is hereby directed thereupon to do so. Any insurance proceeds received may, at the sole option of the Chargee, be applied, in whole or in part, to rebuilding or repairing the buildings, or be applied in whole or in part to paying off the monies the Chargor then owes under this Charge, whether or not then due.

11. Obligation to Repair. The Chargor covenants with the Chargee that the Chargor will keep the Land, including the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof, and that the Chargee may whenever it deems necessary, either in person or by its agent, enter upon and inspect the Land, and the reasonable cost of such inspection shall be added to the monies hereby secured. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land, or does anything by which the value of

the Land is or might be diminished then, at the sole option of the Chargee, the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge shall become immediately due and payable and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein.

12. Unfinished Buildings. In the event that any buildings now or hereafter in the course of erection on the Land remain unfinished, the Chargee may (but shall not be obligated to):

(i) enter the Land and do all work necessary to protect the same from deterioration and to complete the buildings so remaining unfinished in such manner as the Chargee may see fit.

It is hereby agreed that any monies expended by the Chargee pursuant to this provision shall be immediately due and payable, shall be added to the principal amount of this Charge and shall be a charge upon the Land and shall bear interest at the same rate as the other monies secured by this Charge and in default of payment, at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

13. Changes in Use. The Chargor covenants and agrees with the Chargee that it will not effect or permit any material changes, alterations or additions to the Land without prior to the commencement of such changes, alterations or additions or the implementation of such change in use obtaining the Chargee's written approval thereto, which approval is not to be unreasonably withheld.

14. Fixtures. It is hereby mutually covenanted and agreed by and between the Chargor and Chargee that all erections and improvements fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Land, including but not limiting the generality of the foregoing, fences, heating, piping, plumbing, air-conditioning, ventilation, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window coverings, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings and all apparatus and equipment appurtenant thereto and farm machinery and improvements, fixed or otherwise even though not attached to the Land otherwise then by their own weight are and shall, in addition to other fixtures thereon, being and become fixtures and form part of the Land and shall be a portion of the security for the amount secured by the Charge.

15. General Security Agreement. In consideration of the advance of the monies hereby secured, the Chargor hereby grants to the Chargee a security interest in all of the present and future undertaking and property, both real and personal, including goodwill and licenses of the Chargor which is located on the Land from time to time or related to or used or acquired in connection with the Land wherever located (collectively, the "Collateral") with the right to possess, use or sell the Collateral, in whole or in part, upon the occurrence of a default under the provisions of this Charge and as further, general and continuing security for the payment and performance of the Chargor's obligations under this Charge, the Chargor hereby assigns the Collateral to the Chargee and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Chargee. The Chargor acknowledges that the value has been given and that the security interest granted to the Chargee shall attach when the Chargor signs this Charge and has rights in any of the Collateral. The Chargor covenants and agrees with the Chargee from time to time to execute such supplemental security agreements on the Chargee's form, from time to time, as may be requested by the Chargee to give effect to or as a further assurance of the grant of security interest, assignment, mortgage and charge contained in this paragraph.

16. Payment of Liens and other items. The Chargee may (but shall have no obligation to) pay and satisfy any lien, encumbrance or any other charge now or hereafter

existing or to arise or to be claimed upon the Land (including, without limitation, any amount for utilities supplied to the Land) that remain unpaid, including any Taxes past due and any sum so paid and any sum paid for repairs or insurance or for any other reason, or any Costs, shall be immediately payable by the Chargor to the Chargee, shall be added to the principal amount secured by this Charge, shall be a charge on the Land and shall bear interest at the rate provided for in this Charge and if the Chargor fails to reimburse the Chargee for the sum so paid, then at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity may be exercised. In the event of the Chargee satisfying any such lien, encumbrance or charge, either out of the money advanced on this security or otherwise, it shall be entitled to all the equities and securities of all persons so paid, and it is hereby authorized to retain any discharge thereof without registration for as long as the Chargee may think fit so to do. Without limiting the generality of the foregoing, the Chargor expressly directs the Chargee to pay and discharge any existing mortgage or charge affecting the Land so that this Charge hereby created shall be a first charge upon the Land (or such other priority specified in the Commitment Letter).

17. Taxes. The Chargor covenants with the Chargee that it will pay, as they fall due, all Taxes whether they form a lien on the Land or otherwise. The Chargor covenants and agrees with the Chargee as follows:

(a) that it will pay all Taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require;

(b) in the event the Chargee elects to require payment of Taxes to it in order to enable the Chargee to pay the whole amount of Taxes on or before the due date for payment or on or before the due date for payment of the instalment date if such amount is payable in instalments, then the Chargor shall be required by the date that is designated by the Chargee to provide sufficient funds to pay the full amount of the annual Taxes when such Taxes become due or when the instalments become due and payable;

The Chargor will transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after receipt of the same by the Chargor.

So long as there is no default under any covenant or agreement in this Charge, the Chargee shall apply such payments on the annual taxes chargeable against the Land but the Chargee shall be under no obligation to apply such payments more often than once yearly.

If before any such sums in the hands of the Chargee shall have been so applied there shall be default in respect of any payment of principal, interest or other monies, including Costs, the Chargee may apply such sums in or toward payment of principal, interest, Costs or other monies so in default.

18. Compliance with Laws. The Chargor covenants and agrees to promptly observe, perform, execute and comply with all federal, provincial and municipal laws, by-laws, rules, requirements, orders, directions, ordinances, regulations, standards and guidelines of every governmental authority or agency, including, without limitation, any concerning the Land and further agrees at the Chargor's own cost and expense to make any and all improvements thereon or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future law, rule, requirement, order, direction, ordinance, regulation, standard or guideline.

19. Acceleration. If default is made by the Chargor in the observance or performance of any of the covenants, terms or conditions contained in this Charge or in any mortgage or charge to which this Charge is subject, then the Chargee may, at it's option, declare

immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest thereon and all other monies payable under this Charge, and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

20. Power of Sale. The Chargee on the occurrence of any Event of Default referred to in paragraph 43, for at least fifteen (15) days, may after giving thirty-five (35) days' written notice, to the persons and served and in the manner prescribed by the *Mortgages Act*, R.S.O. 1990, c. M.40 as amended (the "Mortgages Act") and may sell the Land, or parts thereof. If the giving of such notice is not then required by law or to the extent that such requirement shall not be applicable, it is agreed that notice by the Chargee may be effectually given by delivering it by registered mail to the Chargor's last known address. Any such notice shall be sufficient although not addressed to any person by name or designation and although any person to be affected by such notice may be unknown, unascertained, or under disability.

The costs of any sale proceedings hereunder, whether such sale proves abortive or not, and all Costs, charges and expenses incurred, whether to inspect the Land, which the Chargee shall be entitled to do, or with respect to taking, recovering or keeping possession of the Land, or in enforcing the remedies under this Charge, or by reason of non-payment or in procuring payment of the monies hereby secured, shall be added to the principal and bear interest at the rate provided for in this Charge as well after as before maturity, and shall be a charge on the Land and shall be payable immediately with interest as aforesaid, and in default of payment, the powers of entering, leasing, selling, and the other remedies provided for in this Charge shall be exercisable.

The Chargee may sell the Land or any part thereof by public auction or private sale and on such terms as to credit and otherwise as shall appear to it most advantageous, and for such price as can be reasonably obtained therefor, and may make any stipulations as to title or otherwise which it shall think proper. The Chargee shall be entitled to rescind or vary any contract for sale of any of the Land, and resell without being answerable for any loss occasioned thereby. In the case of a sale on credit, the Chargee shall only be accountable for monies actually received in cash as and when so received. For such purposes, the Chargee may make and execute all agreements and assurances which it shall think fit. The Chargee shall be entitled to apply the proceeds of any sale or lease hereunder first in payment of all Costs and secondly in payment of all amounts of interest and principal owing hereunder. If any surplus remains after the Chargee has fully satisfied its claims, such surplus shall be paid to the party then entitled by law to receive such surplus. The powers conferred on the Chargee hereunder are in addition to and not in limitation of any other rights or powers of the Chargee under this Charge, or at law or in equity.

21. Rights to Distrain. Provided that and it is further stipulated, provided and agreed by and in between the parties to the Charge that the Chargee may distrain for arrears of interest or principal or any sums that the Chargor is obligated to remit to the Chargee, against the Land or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and any of the Costs incurred in such levy or distress.

22. Appointment of Receiver. Notwithstanding anything herein contained it is agreed that at any time and from time to time when there shall be default under the provisions of this Charge the Chargee may at such time and from time to time and with or without entry into possession of the Land or any part thereof by writing appoint a receiver or receiver and manager (hereinafter referred to as a "Receiver") of the Land or any part thereof and of the rents and profits thereof and any undertaking carried on and personal property located on the Land and with or without security and may from time to time by similar writing remove any Receiver and appoint another in his stead and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent

or attorney for the Chargor but no such appointment shall be revocable by the Chargor. Upon the appointment of any such Receiver or Receivers from time to time the following provisions shall apply:

(a) that the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) every such Receiver shall have unlimited access to the Land as agent and attorney for the Chargor, which right of access shall not be revocable by the Chargor;

(c) that every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents or any other payments falling due in respect of the Land or any part thereof whether in respect of any tenancies created in priority to these presents or subsequent thereto;

(d) that every such Receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers of the discretions of the Chargee;

(e) that the Chargee may from time to time by such writing fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Land;

(f) that every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;

(g) that the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such receivership shall not have the effect of constituting the Chargee as mortgagee in possession in respect of the Land or any part thereof;

(h) that every such Receiver shall from time to time have the power to rent any portion of the Land which may become vacant for such term and subject to such provisions as he may deem advisable or expedient and to settle or accept surrenders or terminate leases or sue for rent under any leases of all or any part of the Land and in so doing every such Receiver shall act as the attorney or agent of the Chargor and he shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Land.

(i) that every such Receiver shall have full power to complete the construction of any building or buildings other erections or improvements on the Land left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable or take possession of and use or let others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment and property of every kind and description;

(j) that every such Receiver shall have full power to mortgage, operate, use, amend, repair, alter or extend the Land or any part thereof in the name of the Chargor;

(k) that every such Receiver shall have full power to (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security,

(iii) give up discharges and (vi) release any part of the Land or otherwise deal with the Charge, debtors of the Receiver, sureties and others and with the Land and other security as the Receiver sees fit without prejudice to the liability of the Chargor to the Chargee or the Chargee's rights hereunder.

(l) that no such Receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Land or any part thereof and out of such cash so received every such Receiver shall in the following order pay:

(i) its remuneration aforesaid;

(ii) all payments made or incurred by it in connection with the management, operation, repair, alteration or extension of the Land or any part thereof;

(iii) in payment of interest, principal and other monies which may, from time to time, be or become charged upon the Land in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Land or any part thereof;

(iv) in payment to the Chargee of all interest due or falling due under this Charge and the balance to be applied upon principal and other monies, including Costs, due and payable and secured by this Charge, and

(v) thereafter any surplus remaining in the hands of every such Receiver after payments made as aforesaid shall be payable to the party entitled by law to receive such surplus.

(m) to the extent that the remuneration and expenses and payments made or incurred by the Receiver in connection with the management, operation, repair, alteration or extension of the Land or any part thereof is not paid from cash received by the Receiver, then such remuneration and expenses shall be paid by the Chargor on demand and shall be a Charge on the Land and shall bear interest from the date of the demand at the interest rate provided for in this Charge.

(n) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such Receiver.

(o) Save as to claims for accounting under subparagraph (l) of this paragraph, the Chargor hereby releases and discharges the Chargee and every such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by the Chargee or any successor or assign claiming through or under it or any such Receiver under the provisions of this paragraph unless such claim be the direct and proximate result of dishonesty or gross neglect.

23. Partial Releases. The Chargor covenants with the Chargee that every part of a lot into which the Land is or may hereafter be divided does and shall stand charged with the whole of the monies secured by this Charge, and no person shall have any right to require such monies to be apportioned upon or in respect of any such part of a lot, but the Chargee may from time to time release or discharge any part lot of the Land or any other security, or any Covenantor for the monies hereby secured, for such consideration as it shall think proper, and without being accountable for the value thereof or for any monies except those actually received by the Chargee, and no such release or discharge shall

release, diminish or prejudice this Charge as against the Land remaining undischarged, or release or prejudice any covenant herein contained, or release any Covenantor or Chargor for the monies owing under this Charge, or any other person whomsoever.

24. Extensions of Time and Indulgences. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of and may deal with a Chargor and all other persons, securities and guarantees as the Chargee may see fit without prejudicing the rights of the Chargee under the Charge.

25. Non-Merger of Covenants. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's rights to interest at the rate and times provided for in this Charge; or affect or prejudice any rights or remedies given to the Chargee by the terms of the Charge. Any judgment shall provide that the interest thereon shall be computed at the same rate and in the same manner as provided in this Charge until judgment shall have been fully paid and satisfied.

26. Chargee Expenses. The Chargor agrees to pay the reasonable and necessary costs, including the Costs as defined in 1.1 (e), charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment or renewal thereof, and anything done in connection with the enforcement of the Charge granted thereby including, without limiting the generality of the foregoing, all solicitors' fees on a complete indemnity basis. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the interest rate provided for in this Charge and shall be a Charge on the Land secured by the Charge prior to all claims thereon subsequent to the Charge.

27. Charge in Addition to Other Security. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or any of the monies secured hereunder. The Chargee may follow its remedies thereunder, hereunder and under any security evidencing the amount advanced under this Charge, concurrently or successively, at its option.

28. Construction Mortgage. If any of the monies advanced under this Charge are used to make improvements to the Land, the term "improvements" being as defined in the Construction Lien Act (Ontario), the monies secured hereby are to be advanced from time to time in the discretion of the Chargee in accordance with the state of the improvements being done to the Land.

29. Assignment of Leases.

(a) The Chargor covenants and agrees with the Chargee to execute and deliver on request of the Chargee in form reasonably satisfactory to the Chargee specific assignments of all existing and future leases as additional security for the faithful performance by the Chargor of the terms and conditions on its part herein contained, it being understood and agreed however that unless and until an Event of Default in this Charge or under the specific assignment, the Chargee shall not pursue or exercise any right to collect rentals hereunder and that such assignments shall not make the Chargee responsible for the collection of rents or the performance of the landlord's obligations under such leases or make the Chargee a mortgagee in possession or control or management of the Land; and if in order to effect registration of the specific assignments herein provided for, it is necessary for the leases to be registered, it may, but shall not be obligated to, register the leases. The Chargor hereby acknowledges that it is the intention of the Chargee to give notice of the assignment to the lessees under such leases and to request from them acknowledgments of the assignments.

(b) The Chargor covenants and agrees with the Chargee that upon execution and delivery of a current or future lease it will forthwith furnish to the Chargee a true certified or notarial copy thereof.

(c) The Chargor further covenants with the Chargee that it will not alter or amend, or agree to alter or amend any provision of any lease of the Land or any part thereof or any renewal thereof the result of which would (i) reduce or permit payment of the rentals payable under any lease in advance of the time specified therein or any renewal thereof or (ii) permit any surrender, vacating or cessation of operation by the tenant thereunder or (iii) otherwise to permit termination of the term granted by any such lease or renewal thereof or (iv) generally, permit any diminishment of the obligations of the tenants thereunder or increase of the burden of the Chargor; without, in each case, the Chargee's written consent first had and obtained, which consent shall not be unreasonably withheld.

(d) The Chargor agrees to obtain the prior written consent of the Chargee, not to be unreasonably withheld, to any future lease of a part of the Land the area of which exceeds that specified in the Commitment Letter. The Chargor agrees that it would be reasonable for the Chargee to require as a condition of its consent that any such tenant enter into an attornment agreement with the Chargee on terms acceptable to the Chargee, in its discretion.

30. Assignment of Rents.

(a) The Chargor does hereby assign and transfer and does hereby covenant and agree to assign and transfer unto the Chargee the rents reserved and payable under all leases, current and future, in respect of all or any part of the Land, and all benefits and advantages to be derived therefrom, to hold and receive the said rents unto the Chargee, its successors and assigns.

(b) Provided, and the Chargor hereby acknowledges and agrees that, the assignment constituted by this indenture is a complete, present and perfected assignment of rents, benefits and advantages as aforesaid, but notwithstanding same, unless and until the occurrence of any Event of Default he shall be entitled to receive all rentals due and payable under the said leases.

(c) Nothing herein shall be deemed to have the effect of making the Chargee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition either by the lessor or any of the lessees as contained in any of the said leases and the Chargee shall not, by virtue of this indenture, be deemed a mortgage in possession of the Land or in control or management thereof.

(d) Provided also that the Chargee shall be liable to account for only such monies as may have come into its hands by virtue of the provisions of this paragraph 30, less any of the Costs, and such monies when so received by it shall be applied on account of the monies due under this Charge.

(e) The Chargor represents and warrants to the Chargee that there is or has been no right of set off, previous assignment, commutation or prepayment of, or with respect to the said rents with the exception of the rent for the current or last months of the lease, or as may be specifically provided for by any lease, and that there has been no variation or cancellation of the terms, covenants, provisos or conditions of any lease and the Chargor covenants and agrees that without the prior written consent of the Chargee, which consent shall not be unreasonably withheld, it will not permit any lessee under any lease or renewal thereof to reduce or, except as aforesaid, prepay the rentals payable thereunder in advance of the terms specified in any such lease or renewal thereof, or to vary, cancel or surrender its lease or any of the terms, covenants, provisos, or conditions thereof, the result of which is a material alteration or amendment or a diminishment of the obligations of the lessees or an increase of the burden on the Chargor or vacating or cessation of operation by the lessee.

(f) Provided, however, that until notified to the contrary the lessees shall pay the rents reserved, but only to the extent that the same may be due and payable under the said leases to the Chargor, and any notice to the contrary required by this proviso may be effectively given by sending the same by registered mail to the lessees at the lessees' place of business or by delivery of the same personally to the said lessees or to any officer thereof in the case of incorporated bodies at those addresses and by sending a copy thereof to the Chargor provided further that such notice to the contrary shall not be given to the Chargor unless the Chargor has committed any Event of Default.

(g) And the Chargor hereby declares that any direction or request from the Chargee to pay the rents reserved to the Chargee shall be sufficient warranty and authority to the said lessees to make such payments, and the payments of the said rentals to the Chargee shall operate as a discharge of the said lessees for the said rents.

(h) And the Chargor covenants and agrees with the Chargee to execute such further assurances as may be required of it in order to effectually assign to the Chargee the rents reserved under any such leases, current or future, for the Land, as contemplated by this paragraph 30.

31. Plans, Specifications and Reports. The Chargor covenants and agrees that upon the request of the Chargee it will produce and deliver forthwith to the Chargee all architectural, engineering, structural, electrical, mechanical and other plans, specifications and designs relating to the improvements either erected or to be erected upon the Land either in its possession or under its control, and any environmental assessments, reports, test results, studies or investigations either in the Chargor's possession or under its control.

32. Covenantor. This paragraph shall only be applicable if one or more persons, parties or corporations are identified in the Charge, Mortgage Form or Commitment Letter as covenantors or guarantors (either of which is referred to in this set of Standard Charge Terms as the "Covenantor").

In consideration of the making by the Chargee to the Chargor of the loan hereby secured, each Covenantor:

(a) agrees to be jointly and severally liable with the Chargor and as between each Covenantor as principal debtor, and not as surety, for the due payment of all amounts owing under this Charge (the "Indebtedness") at the times and in the manner herein provided; and it is the express intention of the parties hereto that the Covenantor is and shall be liable to the Chargee in the same manner and to the same extent as if the Covenantor had executed this Charge as Chargor;

(b) unconditionally guarantees the full performance and discharge of all of the obligations to be fulfilled by the Chargor pursuant to the provisions of this Charge at the times and in the manner provided in this Charge;

(c) agrees to indemnify and save harmless the Chargee against and from all losses, damages, costs, including Costs defined in paragraph 1.1 (e), charges and expenses which the Chargee may sustain, incur, or be or become liable for by reason of:

(i) the failure, for any reason whatsoever, of the Chargor to pay the Indebtedness, or

(ii) the Chargor's failure, for any reason whatsoever, to do and perform any other act, matter or thing, required to be done or performed pursuant to this Charge, or

(iii) the Chargor's failure to refrain from any act, manner or thing required not be done or performed by it pursuant to this Charge, or

(iv) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or the Covenantor of any other act, matter or thing pursuant to this Charge or restraining the Chargor from any act, matter or thing required not to be done or performed pursuant to this Charge,

(d) agrees that the Chargee may at any time and from time to time and without notice to the Covenantor, or obtaining any consent of the Covenantor, make any compromise or grant indulgences or enter into any settlement, extension, renewal or variation in the terms of this Charge, including any increase, decrease or any other variation of the interest rate or any renewal or extension of this Charge between the Chargor or any successor and the Chargee, or take surrender of this Charge or any collateral security or a part thereof, and that no such thing done by the Chargee, nor any carelessness or neglect by the Chargee in asserting its rights, nor the Chargee's loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of this Charge or any collateral security or any portion thereof shall in any way release or diminish the liability of the Covenantor under this Charge as long as any Indebtedness remains unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid;

(e) agrees that the Chargee shall not be obligated to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce the obligations of the Covenantor and that enforcement of such obligations against the Covenantor may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation;

(f) agrees that nothing but payment and satisfaction in full of the indebtedness and the due performance and observation of all covenants, agreements and provisos in this Charge and any other security to be given to the Chargee shall release the Covenantor of this covenant;

(g) agrees that this covenant shall be assignable by the Chargee and that assignment of this Charge shall constitute assignment of this covenant and that this covenant shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment or reassignment of this Charge at any time.

(h) hereby waives all notices of default, non-performance, non-payment and non-observance on the part of the Chargor of the terms, covenants and provisos contained in this Charge;

(i) acknowledges that this Charge would not have been entered into by the Chargee without this covenant;

(j) agrees that the liability of each Covenantor under this covenant shall not be impaired or discharged by reason of the Chargee taking further or other security for payment of the Indebtedness or by any transfer of the Land or any approval thereof by the Chargee or any assumption of this Charge by any transferee of the Land, or by the Chargee at any time releasing any security or partial security hereunder, or by an extension or renewal of the term of this Charge, or the release or partial release of any covenantor or guarantor of this Charge whether by the Chargee or by operation of law, or by any other act or thing whereby, as guarantor, a Covenantor would or might be released in whole or in part;

(k) agrees that any payment by the Covenantor of any monies under this covenant shall not in any event be taken to affect the liability of the Chargor for payment thereof, but such liability shall remain unimpaired and enforceable by the Covenantor against the Chargor and the Covenantor shall, to the extent of any such payments made by it, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Covenantor, provided, nevertheless, that the Covenantor shall not be entitled in any event to rank for payment against the Land or any collateral security in competition with the

Chargee and shall not, unless and until the whole of the Indebtedness has been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee; and

(l) waives any right of set-off the Covenantor may have in respect of any payment to be made under this covenant;

(m) agrees that the liability of each Covenantor under this covenant shall not be affected or discharged by the death or loss or diminution of capacity of the Chargor or any one of them or by any change in the name of the Chargor or the membership of the Chargor's firm through the death or retirement of any one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Chargor's business by a corporation, persons, partnership or other legal entity or by any change whatsoever in the objects, capital structure or constitution of the Chargor, or by the Chargor's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this paragraph the word Chargor shall include every such firm and corporation;

(n) agrees that this paragraph shall be operative and binding upon every Covenantor and notwithstanding the non-execution thereof by any other proposed signatory or signatories and the execution of the Mortgage Form, Charge or Commitment Letter by the Covenantor shall be conclusive evidence against the Covenantor and each of them that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent has been complied with, unless at the time of receipt by the Bank each signatory thereof obtains from an officer of the Bank a letter setting out the terms and conditions under which the covenant was delivered and the conditions, if any, to be inserted before it becomes effective;

(o) agrees that all monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Chargee shall be deemed to form part of the liabilities of the Covenantor, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Chargor or of the directors, partners or agents of the Chargor, or that the Chargor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances or any other reason, similar or not, whether known to the Chargee or not. Any sum which may not be recoverable from the Covenantor on the footing of a covenant, whether for the reasons set out herein or for any other reason, similar or not, shall be recoverable from the Covenantor and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Chargee on demand with interest; and

(p) agrees that the covenant is in addition to and not in substitution of any other covenant, by whomsoever given, at any time held by the Chargee, and any present or future obligation to the Chargee incurred or arising otherwise and under a covenant, or the undersigned or any of them or any other obligant, whether bound with or apart from the Chargor.

33. Residency. The Chargor represents and warrants that it is not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada) and agrees that it shall take all steps necessary to ensure that it retains such status of not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada) until this Charge is fully paid or otherwise satisfied. The Chargor agrees that the Chargee may rely on this representation, warranty and covenant in order to give assurances to any purchaser under power of sale as to the residency of the Chargor.

34. Prepayment. This Charge is closed for its term. Prepayment, either in full or in part, will not be permitted during the term of this Charge, except as is expressly provided for in the Commitment Letter.

35. Due on Sale. If:

(a) the Chargor or any beneficial owner of the Land directly or indirectly sells, conveys, transfers or disposes of the Land or any part thereof or any interest therein; or

(b) if the Chargor, or any beneficial owner of the Land, agrees to directly or indirectly sell, convey, transfer or dispose of the Land or any part thereof or any interest therein; or

(c) if the Chargor, or any beneficial owner of the Land, is a corporation and the effective voting control of the Chargor or a beneficial owner of the Land changes; or

(d) if the Chargor, or any beneficial owner of the Land, merges or amalgamates with any other corporation or company;

without the prior written consent of the Chargee being first obtained, then the Chargee may, at its option, declare immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The consent to one such transaction by the Chargee shall not be deemed to be a waiver of the right to require consent of future or successive transactions. The Chargor will provide twenty-one (21) calendar days' notice to the Chargee of any anticipated or pending transaction which would require the consent of the Chargee under this paragraph, together with such reasonable information as the Chargee may from time to time request in order to determine whether or not any such transaction has taken place and whether or not to grant its consent thereto.

36. Subordinated Debt and Further Encumbrances. If the Chargor or any beneficial owner of the Land:

(a) creates, assumes or permits to exist a subordinate mortgage, charge, lien or encumbrance to be secured on the Land or any part thereof or any interest therein or any other property subject to the security in favour of the Chargee; or

(b) accepts an advance provided for in a subordinate mortgage, charge or encumbrance secured on the Land or any other property subject to the security in favour of the Chargee;

without the prior written consent of the Chargee, such consent not to be unreasonably withheld, then the Chargee may at is option, declare immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The consent of the Chargee to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. The Chargor will provide twenty-one (21) calendar days' prior notice to the Chargee of any anticipated or pending transaction which would require the consent of the Charge under this paragraph, together with such reasonable information as the Chargee may from time to time request in order to determine whether or not any such transaction has taken place and whether or not to grant its consent thereto.

37. Management. If at any time during the currency of this Charge, the Chargee, acting reasonably, is of the opinion that the management of the Land is not being carried out in a satisfactory manner, having regard to the standards of management of properties

similar to the Land from time to time, the Chargee shall then have the right to give the Chargor written notice requiring that the management be improved to the Chargee's reasonable satisfaction within 30 days from the date of such notice, failing which the Chargee shall have the right to appoint professional property management (without thereby becoming a mortgagee in possession of or in control and management of the Land) and the cost of such management shall be borne by the Chargor. The exercise of its rights under this paragraph 37 shall not, for greater certainty, constitute the Chargee as a mortgagee in possession or in control or management of the Lands.

38. Statements. The Chargor agrees to deliver to the Chargee annually, within 90 days of each fiscal year end of the Chargor, the following:

(a) an audited operating statement, if available, otherwise a review engagement standard operating statement in respect of the Lands including a balance sheet and supporting schedules, a detailed statement of income and expenditures (including operating expense recovery income) and supporting schedules and a statement of change in cash flows, all in respect of the Land;

(b) a current rent roll for the Land indicating the tenants, area occupied, annual rent, term of lease and renewal options and such other information as the Chargee may request (a "Rent Roll"); and

(c) a budget for the Land for the next fiscal year forecasting income, including operating expense recovery, income, and expenses (including, without limitation, capital expenses);

in each case prepared in accordance with generally accepted accounting principles. In addition, the Chargor shall deliver, immediately after request, from time to time, by the Chargee any such other financial information as to the Land, the Chargor and the Covenantors including more frequent Rent Rolls.

39. Inspections, Investigations and Environmental Assessments. The Chargee may conduct or have conducted on-site inspections and other investigations of the Land and of the current and past use of the Land and, at the sole option of the Chargee, may require an environmental assessment by a qualified environmental consultant acceptable to the Chargee prior to any advance under this Charge and prior to any renewal or extension of this Charge, or upon the occurrence of any Event of Default or, given reasonable cause as determined by the Chargee, at any time during the term of this Charge or any renewal or extension thereof. Without limiting the generality of the foregoing, the Chargee or its agent may enter upon the Land upon reasonable notice to the Chargor to conduct environmental testing, site assessment, investigation or study deemed necessary by the Chargee, in its sole discretion. Without limiting the generality of the foregoing, the Chargee shall have the right to examine the interiors of walls and all physical structures located on the Lands. The Chargee shall have the right to inspect and the Chargor shall be obliged to produce to the Chargee, all of its files, books of account and receipts if the Chargee so requests them for the purpose of its inspections and investigations and the Chargee shall have the right to conduct interviews with the employees or officers of the Chargor who may have knowledge regarding the purpose of the inspections, investigations and environmental assessments.

In the event that the Chargee discovers that any warranties or representations made by the Chargor in paragraphs 39 or 40 are not true but the condition causing such warranty or representation to be untrue is capable of being rectified, and the Chargee has not elected to call in its loan, the Chargee shall be entitled to require the Chargor to rectify such deficiency forthwith. In the event that the monies under the mortgage have not yet been advanced, the Chargee shall be entitled to deduct from the advance a reasonable estimate of the amounts required to rectify such deficiency, which amount shall be a charge on the Lands. If such deficiency is not rectified within three (3) months of the Chargee's written notice to the Chargor to rectify, the Chargee shall be entitled at its sole discretion, to either rectify such deficiency at the expense of the Chargor or to cancel its obligation hereunder or to decline to advance further funds, as the case may be, and to declare any monies theretofore advance with interest, to be forthwith due and payable, together with all Costs.

It is a condition to the advance of funds under this Charge and any renewal or extension that the results of all such inspections, investigations, tests, studies and assessments shall be satisfactory to the Chargee and, without limitation, evidence of the absence of any Hazardous Substances on the Land and the absence of any contamination of any part of the Land by any Hazardous Substances. The exercise of any of the powers enumerated in this paragraph shall not constitute the Chargee to be a mortgagee in possession of or in management or control of the Land.

If the result of an environmental assessment, inspection, test, study or investigation conducted during the term of this Charge or any renewal or extension thereof are not satisfactory to the Chargee, acting reasonably, then, at the sole option of the Chargee, the unpaid principal secured by this Charge and accrued and unpaid interest due thereon, as well as all of the Costs, shall become immediately due and payable and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. In this regard, the acceptance of any payments by the Chargee at any time during or after the term of this Charge or any renewal or extension thereof shall not constitute a waiver of or otherwise prejudice the Chargee's rights to demand and receive full repayment of the amounts secured by this Charge, as aforesaid.

All costs of such inspections, tests, studies, investigations and environmental assessment shall be borne by the Chargor and shall be immediately payable to the Chargee by the Chargor, shall be added to the principal amount secured by this Charge, and in default of payment, at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

40. Environmental Warranties and Representations

The Chargor and each Covenantor hereby represent, warrant, covenant and agree with the Chargee (which representations, warranties, covenants and agreements shall be continuing representations, warranties and covenants and shall survive satisfaction or release of the mortgage debt or extinguishments of the mortgage debt in the event the Chargee or a third party becomes owner of the Land upon an Event of Default of the Chargor under this Charge) that:

(a) to the best of the knowledge of the Chargor and each Covenantor after due and diligent inquiry, there are no Hazardous Substances on the Land, except in accordance with subparagraphs (c) and (d), no Hazardous Substances have ever been used, stored or located on the Land, except in compliance with all applicable laws, regulations, by-laws and other lawful requirements, prudent industrial standards and guidelines and as permitted by subparagraphs (c) and (d), and no part of the Land is or has ever been contaminated by any Hazardous Substances;

(b) there are no underground storage tanks or containers located on the Lands;

(c) except for Hazardous Substances lawfully used by the Chargor, Covenantor or tenants in the ordinary course of their respective businesses and, in the case of tenants in accordance with their leases, no Hazardous Substance shall be brought onto or used on the Land;

(d) any Hazardous Substance brought onto the Land or used by any person on the Land shall be transported, used and stored only in accordance with all applicable laws, regulations, by-laws and other lawful requirements, prudent industrial standards, guidelines and any other reasonable requirements of the Chargee;

(e) the Land will not be used in a manner which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from or under the Land or which may result in the cancellation or increase in the premiums of any policy of insurance in respect of the Land;

(f) the Chargor and each Covenantor shall promptly notify the Chargee as soon as it knows of or suspects that, except in accordance with subparagraph (c), any Hazardous Substance has been brought onto the Land or that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from or under the Land;

(g) there is no action, suit or judicial, administrative or arbitral proceeding of any kind whatsoever pending or threatened against the Chargor or any Covenantor in any court or other authority relating to the Land and Hazardous Substances and the Chargor and each Covenantor shall promptly notify the Chargee as soon as it becomes aware of any action, suit or judicial or arbitral proceeding, pending or threatened;

(h) there are no applications for rezoning or pending regulations which may cause use of Lands or its condition to be no longer in compliance with environmental or other laws, bylaws, ordinances, statutes or regulations regarding the use or condition of the Land;

(i) the Chargor has not received notice of, nor does the Chargor have knowledge or information regarding, any compliance notice, work order, deficiency notice, directive request, or advice from or issued by any municipal, provincial or federal government, or any department, agency, board or office thereof relating to any breach of any statute, regulation, by-law or ordinance regarding leakage or emission from or to the property of, any pollutant or other substance or relating to any threatened or impending condemnation or expropriation;

(j) the Chargor has never been convicted of any offence, or been found liable in any proceeding to pay any fine or judgment to any person (including, without limitation, any individual, corporation or government), or been required to conduct any clean-up or remediation of the Lands or any other property, in each case in connection with the existence or handling of a Hazardous Substance;

(k) each lease of any part of the Land shall contain representations, warranties, covenants and agreements by tenants consistent with subparagraphs (a) to (j) of this paragraph.

The Chargor shall promptly give the Chargee written notice if it becomes aware that any of these warranties and representations set forth in this paragraph are no longer true or will no longer continue to be true and shall also promptly give the Chargee written notice specifying the occurrence or likely occurrence of any event which may result in any of the foregoing warranties or representations not continuing to be true.

41. Environmental Indemnity. Each of the Chargor and each Covenantor hereby agrees that it shall, at its sole cost and expense, remove or take remedial action or cause to be removed or cause remedial action to be taken with regard to any Hazardous Substance released in the environment at, on or near the Land for which remedial action is required pursuant to applicable environmental laws and each shall indemnify and save harmless the Chargee and it officers, directors, employees, agents and shareholders and

their respective heirs, executors, administrators, successors and assigns from and against any and all losses, claims, costs, expenses, damages or liabilities (including, without limitation, all legal fees and disbursements on a full indemnity basis) which at any time may be paid or incurred by or claimed against any of them for or directly or indirectly arising out of , resulting from or attributable to the use, generation, storage, escape, seepage, leakage, spillage, release, disposal or presence on, from and under the Land of any Hazardous Substance, and such indemnification shall survive the satisfaction or release of the mortgage debt or extinguishments of the mortgage debt in the event the Chargee or a third party becomes owner of the Land as a result of any Event of Default of the Chargor of this Charge. The Chargor and each Covenantor acknowledge that the Chargee shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties hereto. Amounts payable by the Chargor or Covenantor under this indemnity shall be immediately due and payable to the Chargee by the Chargor and Covenantor, shall be a charge on the Land, shall be added to the principal amount hereby secured, shall bear interest at the interest rate provided for in this Charge and, in default of payment, at the sole option of the Chargee, the powers of sale and other remedies under this Charge, at law or in equity, may be exercised.

42. Construction Lien Act. The Chargor covenants with the Chargee to provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the Construction Lien Act (Ontario), as amended or replaced from time to time.

The Chargor further covenants and agrees with the Chargee that if the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Land or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be immediately payable to the Chargee by the Chargor, shall be a charge on the Land, shall be added to the principal amount hereby secured and shall bear interest at the interest rate provided for in this Charge and in default of payment, at the option of the Chargee, the powers of sale and other remedies under this Charge, at law or in equity, may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession or in control or management of the Land by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Land or the Chargee's first priority of charge.

43. Event of Default.

Without limiting any other provision of this Charge, the occurrence of any of the following events will constitute an Event of Default:

(a) the Chargor or any Covenantor or any beneficial owner of the Land shall be an insolvent person within the meaning of the Bankruptcy and Insolvency Act or threatens to commit any act of bankruptcy;

(b) the commencement of any proceedings or the taking of any step by or against the Chargor or any Covenantor or any beneficial owner of the Land for the dissolution, liquidation or winding-up of the Chargor or any Covenantor or any beneficial owner of the Land or for any relief under the laws of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement or compromise or for the appointment of one or more of a trustee, receiver, receiver and manager, custodian, liquidator or any other person with similar power with respect to the Chargor or any Covenantor or any beneficial owner of the Land or the Land or any part thereof;

(c) the Land or any part thereof is seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect and the same is not released, bonded, satisfied, discharged or vacated within a period of fifteen (15) days;

(d) failure by the Chargor to pay Taxes;

(e) any default under any of the security made in connection with this Charge or under the Commitment Letter;

(f) any failure to pay when due any amount payable, including failure to pay principal, interest or Costs or any other monies by the Chargor whether by acceleration or otherwise or any Covenantor under the provisions of this Charge;

(g) any failure of the Chargor or any Covenantor or any beneficial owner of the Land to observe or perform any of its obligations, covenants, terms, provisions or conditions under this Charge or any other agreement, security or otherwise between the Chargor and Chargee;

(h) if any representation or warranty made by the Chargor or any Covenantor to the Chargee in connection with the loan secured by this Charge is proven to have been untrue when made;

(i) if any of the encumbrances against the Land, including any lien, encumbrance or any other charge now or hereafter existing or to arise or to be claimed upon the Land, including, without limitation, any amount for utilities supplied to the Land, become enforceable.

The Chargee may in writing, at any time or times after default, waive such default but any such waiver shall apply only to the particular default waiver and shall not operate as a waiver of any other or future default.

44. Chargee May Perform. Without limiting any other rights available to the Chargee, if the Chargor defaults in the performance of any of its obligations contained in this Charge, the Chargee may (but is not obliged to) perform such obligation (without thereby becoming a mortgagee in possession of the Land or in control or management thereof) and all costs and expenses incurred by the Chargee in doing so shall be immediately payable to the Chargee by the Chargor, shall be added to the principal amount secured by this Charge, shall be a charge on the Land, shall bear interest at the interest rate provided for in this Charge and, in default of payment, at the option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

45. Reorganization Proceedings. The Chargor represents and warrants that the Land is of such a unique nature that, in the event that the Chargor sought to reorganize its affairs under any of the laws of Canada (or any province) which provides the ability of a debtor to reorganize its affairs with its creditors (including, without limitation, under the Companies Creditors Arrangement Act (Canada) (the "CCAA"), the Bankruptcy and Insolvency Act (Canada) (the "BIA") or any other statute), the Chargee would not have a sufficient commonality of interests with any other creditor of the Chargor such that the Chargee would not be required to vote on any reorganization, arrangement, compromise or other transaction in a class with any other creditors of the Chargor and, in that regard, covenants and agrees that the Chargee will be treated in its own exclusive class of creditors for such purpose. Without limiting the generality of the foregoing, the Chargor covenants and agrees that:

(a) it will give the Chargee not less than 10 days written notice prior to the commencement of any proceedings under any of the CCAA, the BIA or any other similar or analogous legislation (such proceedings being referred to as "Reorganization Proceedings");

(b) in no circumstances will the Chargor seek, suffer or permit the right of the Chargee to be stayed or otherwise affected in any Reorganization Proceedings; and

(c) in the event that Reorganization Proceedings are commenced, the Chargor will consent to an order directing that all rents or other revenues generated or received in respect of the Land will forthwith be deposited into a segregated trust account under the sole control of the Chargee and that same shall not constitute the Chargee to be a mortgage in possession of or in control or management of the Land or result in an acceleration of amounts secured hereunder unless so declared by the Chargee.

46. Quiet Possession on Default. From and after default in the payment of principal or interest thereon or any other sums required to be paid or upon the occurrence of any Event of Default it shall be lawful for the Chargee to enter into, have, hold, use, occupy, possess and enjoy the Land with their appurtenances without the let, suit, hindrance, interruption or denial of the Chargor or any covenantor or any beneficial owner of the Land or any other person or persons whomsoever, free and clear of all arrears of Taxes and assessments whatsoever due or payable upon or in respect of the Land or any part thereof and of and from all former conveyances, mortgage, charges, rights, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

47. Farm Lands. If the Lands are farmlands, the Chargor will each year during the currency of the Charge either put into crop or summer fallow in good, proper and husband like manner every portion of the Land which has been or may hereafter be brought under cultivation, and will keep the Land clear and free from all noxious weeds and generally see that the Land does not depreciate in any way.

48. Condominium. If the secured land is of a unit or units within a Condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the unit. Any breach of the said duties or obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses or special levies or assessments of any kind required of the Chargor as an owner of the unit and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the unit and shall bear interest at the interest rate provided in this Charge from time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the unit to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargee, at any time or from time to time, gives notice in writing to the Chargor and the said Condominium Corporation that the Chargee does intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargee may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Chargor; and

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

(d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor in order that the Chargee is kept fully informed.

ACKNOWLEDGEMENT OF RECEIPT

I/We the undersigned hereby acknowledge receipt of a copy of these standard charge terms this day of , 20

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DATED the 4th day of July, 2003

MANULIFE BANK OF CANADA
by its solicitors, Lee, Bowden, Nightingale

Per: ____________________________
Murray H. Nightingale

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200312 Cote

Conventional

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200313 Cote
Filing Date Jul 25 2003 Date de Dépôt
Page 1 of/de 23 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed By: Manulife Bank of Canada

Filing Date:

Filing No.:

The following set of Standard Charge Terms shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in Section 9 of the Land Registration Reform Act (the "Act").

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For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged the Chargor and the Covenantor, as the case may be, warrant, represent, covenant and agree as follows:

1. Interpretation.

1.1 Definitions. In this Charge (as hereinafter defined):

(a) "Charge" means any mortgage, charge (fixed or floating), pledge, lien, statutory or otherwise, assignment, security interest or other encumbrance of any nature however arising;

(b) "Chargee" means the Chargee shown in box 14 of the Mortgage or in the appropriate field as set out in any Mortgage Form in an electronic format.

(c) "Chargor" means the Chargor shown in box 11 of the Mortgage or in the appropriate field as set out in any Mortgage Form in an electronic format;

(d) "Commitment Letter" means a written agreement, whether it be called a Commitment Letter or otherwise entered into between the Chargor, the Covenantor (if any) and the Chargee concerning the terms and conditions pursuant to which the Charge is entered into;

(e) "Costs" includes all fees, costs, charges and expenses that the Chargee incurred in or in connection with or otherwise incidental to,

(i) the preparation, execution and registration of the Charge and any other instruments or security agreements collateral to the Charge or related to any transaction to which the Charge relates;

(ii) the collection, enforcement and realization by the Chargee or its agents or any other person, including the legal and other costs of foreclosure, power of sale or execution proceedings, or any other remedies or actions permitted to the Chargee, whether commenced by the Chargee or by another person with respect to the Land secured by the Charge,

(iii) the procurement of payment of the indebtedness secured by the Charge, whether by way of court action, other legal process or otherwise,

(iv) any inspection or appraisal of the Land and all legal costs related to the examination of the title of the Land,

(v) any repairs required to be made to the Land or that in the reasonable opinion of the Chargee, are advisable, in connection with the realization of the security in the Land,

(vi) the Chargee taking possession of the Land,

(vii) the Chargee securing, completing or equipping any building, structural or thing on the Land,

(viii) any common expenses,

(ix) any premium relating to any liability, fire, title or other insurance on the Land or on any part of the Land,

(x) the Chargee exercising any of the rights conferred on it by the terms of this Charge, or the standard charge terms or any law, statutory or otherwise.

Any reference to legal costs shall mean costs on a complete and full indemnity basis.

(f) "Events of Default" includes any event referred to in paragraph 45, or otherwise in these standard charge terms;

(g) "Hazardous Substance" means any substance, contaminant, material or condition that, if added to any water or emitted into the air or ground, would create or contribute to the creation of a condition of such water, air or ground that is detrimental to its use by or to the health, safety or welfare of persons or animals or causes damage to plant life or property; any radioactive material or explosive; any substance, contaminant, material or condition declared from time to time to be hazardous, dangerous or toxic under any applicable federal, provincial or municipal law, by-law, regulation or other enactment; any substance, contaminant, material or condition the release, storage, handling or transportation of which is prohibited, controlled or regulated by any such law, by-law, regulation or enactment and any other substance, contaminant, material or condition which is or may become hazardous, toxic or dangerous to persons, or property, or plant or animal life including urea formaldehyde foam type insulation or asbestos.

(h) "Land" means the land described or referred to in box 5 of the Mortgage Form or in the appropriate field as set out in any Mortgage Form prepared in any electronic format together with the improvements, appurtenance, tenements, all estates (including any leasehold estate) and interest therein and for greater certainty includes all buildings, plant, machinery, erections and improvements, fixed or otherwise, present or future, built, placed or put thereon, including, without limitation, fixtures as described in paragraph 16;

(i) "Mortgage" means the Mortgage Form and these charge terms read together, as amended and extended from time to time;

(j) "Mortgage Form" means the Form 2 charge/mortgage of land under the Land Registration Reform Act (Ontario) as amended or replaced from time to time, which refers to these charge terms and all schedules and addenda attached to such Form 2 and "Mortgage Form" includes a Mortgage Form prepared and registered in electronic format and all schedules thereto under Part III of the said Act;

(k) "Taxes" means all taxes, assessments, rates, duties, levies, government fees, utility charges, claims and dues levied, assessed or imposed on the Chargor's interest in the Land or on the Chargor which may form an encumbrance on the Land, by any level of government or its agencies or corporations or any utility company.

1.2 Certificate Conclusive. Every certificate signed by one of the representatives of the Chargee purporting to show the amount of monies at any particular time due and payable under this Charge shall, in the absence of manifest error, become conclusive evidence as against the Chargor or Covenantor of the amount due and payable at such time under this Charge.

1.3 Invalidity. The invalidity or unenforceability of the whole or any part of any paragraph of this Charge shall not affect the validity or enforceability of any other paragraph or the remainder of such paragraph.

1.4 Headings. The headings used in this Charge have been inserted for convenience for reference only and do not define, limit, alter or enlarge the meaning of any provision of this Charge.

1.5 Jurisdiction. This Charge will be governed by and construed in accordance with the Laws of Ontario, and no other provincial jurisdiction and the Laws of Canada applicable to the Province of Ontario and the parties hereby agree to only attorn to the jurisdiction of Ontario.

1.6 Time of the Essence. Time shall be of the essence of this Charge.

1.7 Consolidation. The doctrine of consolidation shall apply to this Mortgage.

1.8 Interpretation. Whenever in this Mortgage the singular or neuter pronoun is used the same shall be respectively construed as the plural, masculine, feminine or body corporate as the context may require.

1.9 Joint and Several Liability. If there is more than one Chargor, the liability of such persons is joint and several and every reference in this Charge to one Chargor shall be construed as meaning each person who executed this Charge as a Chargor as well as all of them.

1.10 Conflict with Mortgage Form. If there is any conflict between these charge terms and any express terms in the Mortgage Form, the provisions of the express terms in the Mortgage Form shall prevail.

1.11 Conflict with Commitment Letter. In the event of a conflict or inconsistency between the terms of this Charge and the terms of the Commitment Letter, the Charge is to prevail, unless the Commitment Letter states that it shall prevail.

1.12 Enurement. This Charge shall enure to the benefit of and be binding upon the Chargor and the Chargee and their respective heirs, personal representatives, successors and permitted assigns.

1.13 Including. Any reference to "including" shall mean "including without limitation" whether or not expressly provided.

2. Exclusion of Statutory Covenants. The implied covenants deemed to be included in a Charge under subsection 7(1) of the Act, and shown as paragraphs 1 and 2 of the said subsection 7(1), shall be and are hereby expressed excluded and replaced by this set of Standard Charge Terms.

3. Collateral Security. The Chargor gives this Charge as a continuing collateral security for payment and satisfaction to the Chargee of all obligations, debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, at any time owing by the Chargor to the Chargee incurred or arising either before or after the delivery for registration of the Charge and whether incurred by or arising from agreement or dealings between the Chargor and the Chargee or from any agreement or dealings with any third party by which the Chargee may be or become in any manner whatsoever a creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter incurred or entirely extinguished and thereafter incurred against (such obligations, debts and liabilities being called in this paragraph the "Liabilities"). It is agreed by the Chargor and the Chargee that the Charge at any one time will secure only that portion of the aggregate principal component of the Liabilities outstanding at such time which does not exceed the sum set out in the Charge at such time at the interest rate plus such Costs and expenses to which the Chargee is entitled pursuant to the Charge.

The Charge is and shall be a continuing collateral security to the Chargee for the amount of the Liabilities and interest and Costs as provided in the Charge and shall be deemed to be taken as security for the ultimate balance of the Liabilities. The Charge shall not, nor shall anything therein contained operate so as to create any merger or discharge of any debt owing to the Chargee or of any lien, bond, promissory note, bill of exchange or other security held by the Chargee either before or after registration of the Charge from the Chargor or from any other person or persons and the Charge shall not in any way prejudicially affect any security held either before or after the registration of the Charge by the Chargee for the Liabilities or any part thereof, or the liability of any endorser or any other person or persons upon such lien, bond, bill of exchange, promissory note or other security or contract or any renewal or renewals thereof held by the Chargee for or on account of the Liabilities or any part or parts thereof, nor shall the remedies of the Chargee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of the Charge.

4. Right to Charge the Land. The Chargor now has good right, full power and lawful and absolute authority to charge the Land and to give this Charge to the Chargee upon the covenants contained in this Charge.

5. Interest

(a) Variable Interest Rate

If the interest rate indicated in the Charge or Commitment Letter is based upon the Prime Rate, as hereinafter defined, the rate of interest chargeable on the principal amount is a rate equal to the prime rate per annum as the same will vary from time to time, plus the number of percentage points per annum, if any, indicated in the Charge or Commitment Letter (the "Variable Interest Rate") and shall be payable monthly, and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

The Variable Interest Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Variable Interest Rate will always be the Prime Rate plus the number of percentage points per annum, if any, indicated in the Charge or Commitment Letter payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge and both before and after default and judgment until paid.

"Prime Rate" means the annual rate of interest announced from time to time by the Chargee being a reference rate then in effect for determining interest rate on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the said certificate.

(b) Fixed Interest Rate

If the interest rate indicated in the Charge is a specified annual percentage not based on the Prime Rate (the "Fixed Interest Rate"), the rate of interest chargeable on the Principal Amount is that Fixed Interest Rate per annum payable monthly, and calculated monthly, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(c) For the purposes of the Charge the Fixed Interest Rate or the Variable Interest Rate, as the case may be, are hereinafter referred to as the "interest rate". Whenever reference is made to the interest rate it shall mean the rate of interest indicated in the Charge and interest shall be calculated and payable as set out in the Charge.

6. No Act to Encumber. The Chargor has not done, committed, or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Land, or any part of the parcel thereof, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate or otherwise, except as the records of the Land Registry Office disclose.

7. Good Title. The Chargor, at the time of the execution and delivery of this Charge, is, and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible estate of inheritance, in fee simple, of and in the lands and premises described in this Charge and in every part and parcel thereof without any manner of trust, reservations, limitations, provisos, conditions or any other matter or thing to alter, charge, change, encumber or defeat the same, except those contained in the original grant thereof from the Crown.

8. Void on Payment. Provided this Charge will be void upon payment of the principal amount, interest, Costs and all other amounts payable under this Charge to the Chargee at the address for service stated in the Charge, or at such place as the Chargee shall by notice from time to time designate, save and except those warranties and representations that are stipulated in these standard charge terms to survive payment.

9. Covenant to Pay and Observe Covenants. The Chargor covenants with the Chargee that the Chargor will pay the full principal amount, and interest secured by this Charge, and all Costs and other amounts payable under this Charge without any deduction or abatement, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations contained in this Charge.

10. Compound Interest. If default shall be made in payment of any sum to become due for interest at any time appointed for payment, compound interest shall be payable and the sum in arrears for interest from time to time, as well after as before maturity, shall bear interest at the interest rate provided for in this Charge, and in case the interest and compound interest are not paid on the next payment date after the date of default a rest shall be made, and compound interest at the rate aforesaid shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a Charge charged upon the Land and shall be secured by the Charge.

11. Obligation to Advance. The Chargee shall not be bound, for any reason whatsoever, to advance the monies intended to be secured hereby, or having advanced part thereof, to advance the remainder.

12. Obligation to Insure. The Chargor will obtain and maintain insurance on the Land in form, type of casualty, companies and amount satisfactory to the Chargee with loss payable to the Chargee under policies containing or having attached thereto a standard mortgage clause satisfactory to the Chargee and without limiting the foregoing, such insurance shall include a policy covering against all risks with a replacement endorsement and if the policy be subject to a co-insurance clause, a stated amount co-insurance clause endorsement and if a steam boiler or any other object generating steam or operated by steam or if a sprinkler system shall be operated in the buildings on the Land, the Chargor's obligation to insure shall include insurance against loss or damage by explosion of or caused by such boiler or other object or apparatus and loss or damage caused by such sprinkler system with a replacement endorsement, and such business interruption or rental income loss insurance and third party liability insurance on a comprehensive basis and such other policies as the Chargee may require.

In the event the Chargor fails to maintain adequate insurance then the Chargor hereby appoints the Chargee to place any insurance on the buildings on the Land with a company or companies to be chosen by the Chargee and also may effect or maintain any insurance provided for, provided that under no circumstances shall the Chargee be obligated to so place or maintain any insurance.

Written evidence of the renewal of every policy of insurance shall be delivered to the Chargee at least thirty (30) days before the termination thereof or the Chargee may provide therefor; and that the Chargee shall have a lien for the charge debt on all insurance on the said buildings whether effected under the foregoing covenants or not; and if the Chargor does not keep any buildings insured as required herein, or deliver any policy or receipt or provide to the Chargee evidence of renewal as provided for herein, the Chargees shall be entitled, but shall not be obliged, to insure any or all of the buildings which are subject to this Charge. The foregoing covenants and provisions as to insurance shall apply to all buildings whether now or hereafter erected on the Land.

If any loss or damage occurs, the Chargor shall immediately notify the Chargee and furnish, at the Chargor's expense, all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies. The production of this Charge shall be sufficient authority for the insurance company to pay any such loss to the Chargee and the said insurance company is hereby directed thereupon to do so. Any insurance proceeds received may, at the sole option of the Chargee, be applied, in whole or in part, to rebuilding or repairing the buildings, or be applied in whole or in part to paying off the monies the Chargor then owes under this Charge, whether or not then due.

13. Obligation to Repair. The Chargor covenants with the Chargee that the Chargor will keep the Land, including the buildings, erections and improvements thereon, in good condition and repair according to the nature and description thereof, and that the Chargee may whenever it deems necessary, either in person or by its agent, enter upon and inspect the Land, and the reasonable cost of such inspection shall be added to the monies hereby secured. If the Chargor neglects to keep the premises in good condition and repair, or commits or permits any act of waste on the Land, or does anything by which the value of the Land is or might be diminished then, at the sole option of the Chargee, the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge shall become immediately due and payable and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein.

14. Unfinished Buildings. In the event that any buildings now or hereafter in the course of erection on the Land remain unfinished, the Chargee may (but shall not be obligated to):

(i) enter the Land and do all work necessary to protect the same from deterioration and to complete the buildings so remaining unfinished in such manner as the Chargee may see fit.

It is hereby agreed that any monies expended by the Chargee pursuant to this provision shall be immediately due and payable, shall be added to the principal amount of this Charge and shall be a charge upon the Land and shall bear interest at the same rate as the other monies secured by this Charge and in default of payment, at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

15. Changes in Use. The Chargor covenants and agrees with the Chargee that it will not effect or permit any material changes, alterations or additions to the Land without prior to the commencement of such changes, alterations or additions or the implementation of such change in use obtaining the Chargee's written approval thereto, which approval is not to be unreasonably withheld.

16. Fixtures. It is hereby mutually covenanted and agreed by and between the Chargor and Chargee that all erections and improvements fixed or otherwise either on the date of delivery for registration of the Charge or thereafter put upon the Land, including but not limiting the generality of the foregoing, fences, heating, piping, plumbing, air-conditioning, ventilation, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window coverings, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings and all apparatus and equipment appurtenant thereto and farm machinery and improvements, fixed or otherwise even though not attached to the Land otherwise then by their own weight are and shall, in addition to other fixtures thereon, being and become fixtures and form part of the Land and shall be a portion of the security for the amount secured by the Charge.

17. General Security Agreement. In consideration of the advance of the monies hereby secured, the Chargor hereby grants to the Chargee a security interest in all of the present and future undertaking and property, both real and personal, including goodwill and licenses of the Chargor which is located on the Land from time to time or related to or used or acquired in connection with the Land wherever located (collectively, the "Collateral") with the right to possess, use or sell the Collateral, in whole or in part, upon the occurrence of a default under the provisions of this Charge and as further, general and continuing security for the payment and performance of the Chargor's obligations under this Charge, the Chargor hereby assigns the Collateral to the Chargee and mortgages and charges the Collateral as and by way of a fixed and specific mortgage and charge to the Chargee. The Chargor acknowledges that the value has been given and that the security interest granted to the Chargee shall attach when the Chargor signs this Charge and has rights in any of the Collateral. The Chargor covenants and agrees with the Chargee from time to time to execute such supplemental security agreements on the Chargee's form, from time to time, as may be requested by the Chargee to give effect to or as a further assurance of the grant of security interest, assignment, mortgage and charge contained in this paragraph.

18. Payment of Liens and other items. The Chargee may (but shall have no obligation to) pay and satisfy any lien, encumbrance or any other charge now or hereafter existing or to arise or to be claimed upon the Land (including, without limitation, any amount for utilities supplied to the Land) that remain unpaid, including any Taxes past due and any sum so paid and any sum paid for repairs or insurance or for any other reason, or any Costs, shall be immediately payable by the Chargor to the Chargee, shall be added to the principal amount secured by this Charge, shall be a charge on the Land and shall bear interest at the rate provided for in this Charge and if the Chargor fails to reimburse the Chargee for the sum so paid, then at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity may be exercised. In the event of the Chargee satisfying any such lien, encumbrance or charge, either out of the money advanced on this security or otherwise, it shall be entitled to all the equities and securities of all persons so paid, and it is hereby authorized to retain any discharge thereof without registration for as long as the Chargee may think fit so to do. Without limiting the generality of the foregoing, the Chargor expressly directs the Chargee to pay and discharge any existing mortgage or charge affecting the Land so that this Charge hereby created shall be a first charge upon the Land (or such other priority specified in the Commitment Letter).

19. Taxes. The Chargor covenants with the Chargee that it will pay, as they fall due, all Taxes whether they form a lien on the Land or otherwise. The Chargor covenants and agrees with the Chargee as follows:

(a) that it will pay all Taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require;

(b) in the event the Chargee elects to require payment of Taxes to it in order to enable the Chargee to pay the whole amount of Taxes on or before the due date for payment or on or before the due date for payment of the instalment date if such amount is payable in instalments, then the Chargor shall be required by the date that is designated by the Chargee to provide sufficient funds to pay the full amount of the annual Taxes when such Taxes become due or when the instalments become due and payable;

The Chargor will transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after receipt of the same by the Chargor.

So long as there is no default under any covenant or agreement in this Charge, the Chargee shall apply such payments on the annual taxes chargeable against the Land but the Chargee shall be under no obligation to apply such payments more often than once yearly.

If before any such sums in the hands of the Chargee shall have been so applied there shall be default in respect of any payment of principal, interest or other monies, including Costs, the Chargee may apply such sums in or toward payment of principal, interest, Costs or other monies so in default.

20. Compliance with Laws. The Chargor covenants and agrees to promptly observe, perform, execute and comply with all federal, provincial and municipal laws, by-laws, rules, requirements, orders, directions, ordinances, regulations, standards and guidelines of every governmental authority or agency, including, without limitation, any concerning the Land and further agrees at the Chargor's own cost and expense to make any and all improvements thereon or alterations thereto, structural or otherwise, ordinary or extraordinary, which may be required at any time hereafter by any such present or future law, rule, requirement, order, direction, ordinance, regulation, standard or guideline.

21. Acceleration. If default is made by the Chargor in the observance or performance of any of the covenants, terms or conditions contained in this Charge or in any mortgage or

charge to which this Charge is subject, then the Chargee may, at it's option, declare immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest thereon and all other monies payable under this Charge, and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The Chargee may in writing at any time or times after default waive such default and any such waiver shall apply only to the particular default waived and shall not operate as a waiver of any other or future default.

22. Power of Sale. The Chargee on the occurrence of any Event of Default referred to in paragraph 45, for at least fifteen (15) days, may after giving thirty-five (35) days' written notice, to the persons and served and in the manner prescribed by the *Mortgages Act*, R.S.O. 1990, c. M.40 as amended (the "Mortgages Act") and may sell the Land, or parts thereof. If the giving of such notice is not then required by law or to the extent that such requirement shall not be applicable, it is agreed that notice by the Chargee may be effectually given by delivering it by registered mail to the Chargor's last known address. Any such notice shall be sufficient although not addressed to any person by name or designation and although any person to be affected by such notice may be unknown, unascertained, or under disability.

The costs of any sale proceedings hereunder, whether such sale proves abortive or not, and all Costs, charges and expenses incurred, whether to inspect the Land, which the Chargee shall be entitled to do, or with respect to taking, recovering or keeping possession of the Land, or in enforcing the remedies under this Charge, or by reason of non-payment or in procuring payment of the monies hereby secured, shall be added to the principal and bear interest at the rate provided for in this Charge as well after as before maturity, and shall be a charge on the Land and shall be payable immediately with interest as aforesaid, and in default of payment, the powers of entering, leasing, selling, and the other remedies provided for in this Charge shall be exercisable.

The Chargee may sell the Land or any part thereof by public auction or private sale and on such terms as to credit and otherwise as shall appear to it most advantageous, and for such price as can be reasonably obtained therefor, and may make any stipulations as to title or otherwise which it shall think proper. The Chargee shall be entitled to rescind or vary any contract for sale of any of the Land, and resell without being answerable for any loss occasioned thereby. In the case of a sale on credit, the Chargee shall only be accountable for monies actually received in cash as and when so received. For such purposes, the Chargee may make and execute all agreements and assurances which it shall think fit. The Chargee shall be entitled to apply the proceeds of any sale or lease hereunder first in payment of all Costs and secondly in payment of all amounts of interest and principal owing hereunder. If any surplus remains after the Chargee has fully satisfied its claims, such surplus shall be paid to the party then entitled by law to receive such surplus. The powers conferred on the Chargee hereunder are in addition to and not in limitation of any other rights or powers of the Chargee under this Charge, or at law or in equity.

23. Rights to Distrain. Provided that and it is further stipulated, provided and agreed by and in between the parties to the Charge that the Chargee may distrain for arrears of interest or principal or any sums that the Chargor is obligated to remit to the Chargee, against the Land or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and any of the Costs incurred in such levy or distress.

24. Appointment of Receiver. Notwithstanding anything herein contained it is agreed that at any time and from time to time when there shall be default under the provisions of this Charge the Chargee may at such time and from time to time and with or without entry into possession of the Land or any part thereof by writing appoint a receiver or receiver and manager (hereinafter referred to as a "Receiver") of the Land or any part thereof and of the rents and profits thereof and any undertaking carried on and personal property located on the Land and with or without security and may from time to time by similar writing remove any Receiver and appoint another in his stead and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor but

no such appointment shall be revocable by the Chargor. Upon the appointment of any such Receiver or Receivers from time to time the following provisions shall apply:

(a) that the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge shall be conclusive evidence thereof;

(b) every such Receiver shall have unlimited access to the Land as agent and attorney for the Chargor, which right of access shall not be revocable by the Chargor;

(c) that every such Receiver shall be the irrevocable agent or attorney of the Chargor for the collection of all rents or any other payments falling due in respect of the Land or any part thereof whether in respect of any tenancies created in priority to these presents or subsequent thereto;

(d) that every such Receiver may, in the discretion of the Chargee and by writing, be vested with all or any of the powers of the discretions of the Chargee;

(e) that the Chargee may from time to time by such writing fix the remuneration of every such Receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Land;

(f) that every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed the agent or attorney of the Chargor and in no event the agent of the Chargee;

(g) that the appointment of every such Receiver by the Chargee shall not incur or create any liability on the part of the Chargee to the Receiver in any respect and such appointment or anything which may be done by any such receivership shall not have the effect of constituting the Chargee as mortgagee in possession in respect of the Land or any part thereof;

(h) that every such Receiver shall from time to time have the power to rent any portion of the Land which may become vacant for such term and subject to such provisions as he may deem advisable or expedient and to settle or accept surrenders or terminate leases or sue for rent under any leases of all or any part of the Land and in so doing every such Receiver shall act as the attorney or agent of the Chargor and he shall have authority to execute under seal any lease of any such premises in the name of and on behalf of the Chargor and the Chargor undertakes to ratify and confirm whatever any such Receiver may do on the Land.

(i) that every such Receiver shall have full power to complete the construction of any building or buildings other erections or improvements on the Land left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment necessary or desirable to render the premises operable or rentable or take possession of and use or let others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment and property of every kind and description;

(j) that every such Receiver shall have full power to mortgage, operate, use, amend, repair, alter or extend the Land or any part thereof in the name of the Chargor;

(k) that every such Receiver shall have full power to (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up discharges and (vi) release any part of the Land or otherwise deal with the Charge, debtors of the Receiver, sureties and others and with the Land and other security as the Receiver sees fit without prejudice to the liability of the Chargor to the Chargee or the Chargee's rights hereunder.

(l) that no such Receiver shall be liable to the Chargor to account for monies or damages other than cash received by him in respect of the Land or any part thereof and out of such cash so received every such Receiver shall in the following order pay:

  (i) its remuneration aforesaid;

  (ii) all payments made or incurred by it in connection with the management, operation, repair, alteration or extension of the Land or any part thereof;

  (iii) in payment of interest, principal and other monies which may, from time to time, be or become charged upon the Land in priority to this Charge, and all taxes, insurance premiums and every other proper expenditure made or incurred by it in respect of the Land or any part thereof;

  (iv) in payment to the Chargee of all interest due or falling due under this Charge and the balance to be applied upon principal and other monies, including Costs, due and payable and secured by this Charge, and

  (v) thereafter any surplus remaining in the hands of every such Receiver after payments made as aforesaid shall be payable to the party entitled by law to receive such surplus.

(m) to the extent that the remuneration and expenses and payments made or incurred by the Receiver in connection with the management, operation, repair, alteration or extension of the Land or any part thereof is not paid from cash received by the Receiver, then such remuneration and expenses shall be paid by the Chargor on demand and shall be a Charge on the Land and shall bear interest from the date of the demand at the interest rate provided for in this Charge.

(n) The Chargee may at any time and from time to time terminate any such receivership by notice in writing to the Chargor and to any such Receiver.

(o) Save as to claims for accounting under subparagraph (l) of this paragraph, the Chargor hereby releases and discharges the Chargee and every such Receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under him by reason or as a result of anything done by the Chargee or any successor or assign claiming through or under it or any such Receiver under the provisions of this paragraph unless such claim be the direct and proximate result of dishonesty or gross neglect.

25. Partial Releases. The Chargor covenants with the Chargee that every part of a lot into which the Land is or may hereafter be divided does and shall stand charged with the whole of the monies secured by this Charge, and no person shall have any right to require such monies to be apportioned upon or in respect of any such part of a lot, but the Chargee may from time to time release or discharge any part lot of the Land or any other security, or any Covenantor for the monies hereby secured, for such consideration as it shall think proper, and without being accountable for the value thereof or for any monies except those actually received by the Chargee, and no such release or discharge shall release, diminish or prejudice this Charge as against the Land remaining undischarged, or release or prejudice any covenant herein contained, or release any Covenantor or Chargor for the monies owing under this Charge, or any other person whomsoever.

26. Extensions of Time and Indulgences. The Chargee may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities and guarantees from and give the same and any and all existing securities and guarantees, may abstain from taking securities or guarantees from or from perfecting securities or guarantees of and may deal with a Chargor and all other persons, securities and guarantees as the Chargee may see fit without prejudicing the rights of the Chargee under the Charge.

27. Non-Merger of Covenants. The taking of a judgment or judgments on any of the covenants herein shall not operate as a merger of the covenants or affect the Chargee's rights to interest at the rate and times provided for in this Charge; or affect or prejudice any rights or remedies given to the Chargee by the terms of the Charge. Any judgment shall provide that the interest thereon shall be computed at the same rate and in the same manner as provided in this Charge until judgment shall have been fully paid and satisfied.

28. Chargee Expenses. The Chargor agrees to pay the reasonable and necessary costs, including the Costs as defined in 1.1 (e), charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment or renewal thereof, and anything done in connection with the enforcement of the Charge granted thereby including, without limiting the generality of the foregoing, all solicitors' fees on a complete indemnity basis. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the interest rate provided for in this Charge and shall be a Charge on the Land secured by the Charge prior to all claims thereon subsequent to the Charge.

29. Charge in Addition to Other Security. This Charge is in addition to and not in substitution for any other security held by the Chargee for all or any of the monies secured hereunder. The Chargee may follow its remedies thereunder, hereunder and under any security evidencing the amount advanced under this Charge, concurrently or successively, at its option.

30. Construction Mortgage. If any of the monies advanced under this Charge are used to make improvements to the Land, the term "improvements" being as defined in the Construction Lien Act (Ontario), the monies secured hereby are to be advanced from time to time in the discretion of the Chargee in accordance with the state of the improvements being done to the Land.

31. Assignment of Leases.

(a) The Chargor covenants and agrees with the Chargee to execute and deliver on request of the Chargee in form reasonably satisfactory to the Chargee specific assignments of all existing and future leases as additional security for the faithful performance by the Chargor of the terms and conditions on its part herein contained, it being understood and agreed however that unless and until an Event of Default in this Charge or under the specific assignment, the Chargee shall not pursue or exercise any right to collect rentals hereunder and that such assignments shall not make the Chargee responsible for the collection of rents or the performance of the landlord's obligations under such leases or make the Chargee a mortgagee in possession or control or management of the Land; and if in order to effect registration of the specific assignments herein provided for, it is necessary for the leases to be registered, it may, but shall not be obligated to, register the leases. The Chargor hereby acknowledges that it is the intention of the Chargee to give notice of the assignment to the lessees under such leases and to request from them acknowledgments of the assignments.

(b) The Chargor covenants and agrees with the Chargee that upon execution and delivery of a current or future lease it will forthwith furnish to the Chargee a true certified or notarial copy thereof.

(c) The Chargor further covenants with the Chargee that it will not alter or amend, or agree to alter or amend any provision of any lease of the Land or any part thereof or any renewal thereof the result of which would (i) reduce or permit payment of the rentals payable under any lease in advance of the time specified therein or any renewal thereof or (ii) permit any surrender, vacating or cessation of operation by the tenant thereunder or (iii) otherwise to permit termination of the term granted by any such lease or renewal thereof or (iv) generally, permit any diminishment of the obligations of the tenants thereunder or increase of the burden of the Chargor; without, in each case, the Chargee's written consent first had and obtained, which consent shall not be unreasonably withheld.

(d) The Chargor agrees to obtain the prior written consent of the Chargee, not to be unreasonably withheld, to any future lease of a part of the Land the area of which exceeds that specified in the Commitment Letter. The Chargor agrees that it would be reasonable for the Chargee to require as a condition of its consent that any such tenant enter into an attornment agreement with the Chargee on terms acceptable to the Chargee, in its discretion.

32. Assignment of Rents.

(a) The Chargor does hereby assign and transfer and does hereby covenant and agree to assign and transfer unto the Chargee the rents reserved and payable under all leases, current and future, in respect of all or any part of the Land, and all benefits and advantages to be derived therefrom, to hold and receive the said rents unto the Chargee, its successors and assigns.

(b) Provided, and the Chargor hereby acknowledges and agrees that, the assignment constituted by this indenture is a complete, present and perfected assignment of rents, benefits and advantages as aforesaid, but notwithstanding same, unless and until the occurrence of any Event of Default he shall be entitled to receive all rentals due and payable under the said leases.

(c) Nothing herein shall be deemed to have the effect of making the Chargee responsible for the collection of the said rents or any part thereof, or for the performance of any covenant, term or condition either by the lessor or any of the lessees as contained in any of the said leases and the Chargee shall not, by virtue of this indenture, be deemed a mortgage in possession of the Land or in control or management thereof.

(d) Provided also that the Chargee shall be liable to account for only such monies as may have come into its hands by virtue of the provisions of this paragraph 30, less any of the Costs, and such monies when so received by it shall be applied on account of the monies due under this Charge.

(e) The Chargor represents and warrants to the Chargee that there is or has been no right of set off, previous assignment, commutation or prepayment of, or with respect to the said rents with the exception of the rent for the current or last months of the lease, or as may be specifically provided for by any lease, and that there has been no variation or cancellation of the terms, covenants, provisos or conditions of any lease and the Chargor covenants and agrees that without the prior written consent of the Chargee, which consent shall not be unreasonably withheld, it will not permit any lessee under any lease or renewal thereof to reduce or, except as aforesaid, prepay the rentals payable thereunder in advance of the terms specified in any such lease or renewal thereof, or to vary, cancel or surrender its lease or any of the terms, covenants, provisos, or conditions thereof, the result of which is a material alteration or amendment or a diminishment of the obligations of the lessees or an increase of the burden on the Chargor or vacating or cessation of operation by the lessee.

(f) Provided, however, that until notified to the contrary the lessees shall pay the rents reserved, but only to the extent that the same may be due and payable under the said leases to the Chargor, and any notice to the contrary required by this provison may be effectively given by sending the same by registered mail to the lessees at the lessees' place of business or by delivery of the same personally to the said lessees or to any officer thereof in the case of incorporated bodies at those addresses and by sending a copy thereof to the Chargor provided further that such notice to the contrary shall not be given to the Chargor unless the Chargor has committed any Event of Default.

(g) And the Chargor hereby declares that any direction or request from the Chargee to pay the rents reserved to the Chargee shall be sufficient warranty and authority to the said lessees to make such payments, and the payments of the said rentals to the Chargee shall operate as a discharge of the said lessees for the said rents.

(h) And the Chargor covenants and agrees with the Chargee to execute such further assurances as may be required of it in order to effectually assign to the Chargee the rents reserved under any such leases, current or future, for the Land, as contemplated by this paragraph 32.

33. Plans, Specifications and Reports. The Chargor covenants and agrees that upon the request of the Chargee it will produce and deliver forthwith to the Chargee all architectural, engineering, structural, electrical, mechanical and other plans, specifications and designs relating to the improvements either erected or to be erected upon the Land either in its possession or under its control, and any environmental assessments, reports, test results, studies or investigations either in the Chargor's possession or under its control.

34. Covenantor. This paragraph shall only be applicable if one or more persons, parties or corporations are identified in the Charge, Mortgage Form or Commitment Letter as covenantors or guarantors (either of which is referred to in this set of Standard Charge Terms as the "Covenantor").

In consideration of the making by the Chargee to the Chargor of the loan hereby secured, each Covenantor:

(a) agrees to be jointly and severally liable with the Chargor and as between each Covenantor as principal debtor, and not as surety, for the due payment of all amounts owing under this Charge (the "Indebtedness") at the times and in the manner herein provided; and it is the express intention of the parties hereto that the Covenantor is and shall be liable to the Chargee in the same manner and to the same extent as if the Covenantor had executed this Charge as Chargor;

(b) unconditionally guarantees the full performance and discharge of all of the obligations to be fulfilled by the Chargor pursuant to the provisions of this Charge at the times and in the manner provided in this Charge;

(c) agrees to indemnify and save harmless the Chargee against and from all losses, damages, costs, including Costs defined in paragraph 1.1 (e), charges and expenses which the Chargee may sustain, incur, or be or become liable for by reason of:

(i) the failure, for any reason whatsoever, of the Chargor to pay the Indebtedness, or

(ii) the Chargor's failure, for any reason whatsoever, to do and perform any other act, matter or thing, required to be done or performed pursuant to this Charge, or

(iii) the Chargor's failure to refrain from any act, manner or thing required not be done or performed by it pursuant to this Charge, or

(iv) any act, action or proceeding of or by the Chargee for or in connection with the recovery of the Indebtedness or the obtaining of performance by the Chargor or the Covenantor of any other act, matter or thing pursuant to this Charge or restraining the Chargor from any act, matter or thing required not to be done or performed pursuant to this Charge,

(d) agrees that the Chargee may at any time and from time to time and without notice to the Covenantor, or obtaining any consent of the Covenantor, make any compromise or grant indulgences or enter into any settlement, extension, renewal or variation in the terms of this Charge, including any increase, decrease or any other variation of the interest rate or any renewal or extension of this Charge between the Chargor or any successor and the Chargee, or take surrender of this Charge or any collateral security or a part thereof, and that no such thing done by the Chargee, nor any carelessness or neglect by the Chargee in asserting its rights, nor the Chargee's loss of any right by operation of law, nor the loss or destruction of any security, nor the lack of validity or enforceability of this Charge or any collateral security or any portion thereof shall in any way release or diminish the liability of the Covenantor under this Charge as long as any Indebtedness remains unpaid or the Chargee has not been reimbursed for all such losses, damages, costs, charges and expenses as aforesaid;

(e) agrees that the Chargee shall not be obligated to proceed against the Chargor or to enforce or exhaust any security before proceeding to enforce the obligations of the Covenantor and that enforcement of such obligations against the Covenantor may take place before, after or contemporaneously with the enforcement of any debt or obligation of the Chargor or the enforcement of any security for any such debt or obligation;

(f) agrees that nothing but payment and satisfaction in full of the indebtedness and the due performance and observation of all covenants, agreements and provisos in this Charge and any other security to be given to the Chargee shall release the Covenantor of this covenant;

(g) agrees that this covenant shall be assignable by the Chargee and that assignment of this Charge shall constitute assignment of this covenant and that this covenant shall not be deemed to have been waived, released, discharged, impaired or affected by reason of the assignment or reassignment of this Charge at any time.

(h) hereby waives all notices of default, non-performance, non-payment and non-observance on the part of the Chargor of the terms, covenants and provisos contained in this Charge;

(i) acknowledges that this Charge would not have been entered into by the Chargee without this covenant;

(j) agrees that the liability of each Covenantor under this covenant shall not be impaired or discharged by reason of the Chargee taking further or other security for payment of the Indebtedness or by any transfer of the Land or any approval thereof by the Chargee or any assumption of this Charge by any transferee of the Land, or by the Chargee at any time releasing any security or partial security hereunder, or by an extension or renewal of the term of this Charge, or the release or partial release of any covenantor or guarantor of this Charge whether by the Chargee or by operation of law, or by any other act or thing whereby, as guarantor, a Covenantor would or might be released in whole or in part;

(k) agrees that any payment by the Covenantor of any monies under this covenant shall not in any event be taken to affect the liability of the Chargor for payment thereof, but such liability shall remain unimpaired and enforceable by the Covenantor against the Chargor and the Covenantor shall, to the extent of any such payments made by it, in addition to all other remedies, be subrogated as against the Chargor to all the rights, privileges and powers to which the Chargee was entitled prior to payment by the Covenantor, provided, nevertheless, that the Covenantor shall not be entitled in any event to rank for payment against the Land or any collateral security in competition with the Chargee and shall not, unless and until the whole of the Indebtedness has been paid, be entitled to any rights or remedies whatsoever in subrogation to the Chargee; and

(l) waives any right of set-off the Covenantor may have in respect of any payment to be made under this covenant;

(m) agrees that the liability of each Covenantor under this covenant shall not be affected or discharged by the death or loss or diminution of capacity of the Chargor or any one of them or by any change in the name of the Chargor or the membership of the Chargor's firm through the death or retirement of any one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the Chargor's business by a corporation, persons, partnership or other legal entity or by any change whatsoever in the objects, capital structure or constitution of the Chargor, or by the Chargor's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this paragraph the word Chargor shall include every such firm and corporation;

(n) agrees that this paragraph shall be operative and binding upon every Covenantor and notwithstanding the non-execution thereof by any other proposed signatory or signatories and the execution of the Mortgage Form, Charge or Commitment Letter by the Covenantor shall be conclusive evidence against the Covenantor and each of them that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent has been complied with, unless at the time of receipt by the Bank each signatory thereof obtains from an officer of the Bank a letter setting out the terms and conditions under which the covenant was delivered and the conditions, if any, to be inserted before it becomes effective;

(o) agrees that all monies, advances, renewals, credits and credit facilities in fact borrowed or obtained from the Chargee shall be deemed to form part of the liabilities of the Covenantor, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Chargor or of the directors, partners or agents of the Chargor, or that the Chargor may not be a legal or sueable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances or any other reason, similar or not, whether known to the Chargee or not. Any sum which may not be recoverable from the Covenantor on the footing of a covenant, whether for the reasons set out herein or for any other reason, similar or not, shall be recoverable from the Covenantor and each of them as sole or principal debtor in respect of that sum, and shall be paid to the Chargee on demand with interest; and

(p) agrees that the covenant is in addition to and not in substitution of any other covenant, by whomsoever given, at any time held by the Chargee, and any present or future obligation to the Chargee incurred or arising otherwise and under a covenant, or the undersigned or any of them or any other obligant, whether bound with or apart from the Chargor.

35. Residency. The Chargor represents and warrants that it is not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada) and agrees that it shall take all steps necessary to ensure that it retains such status of not a non-resident of Canada within the meaning of Section 116 of the Income Tax Act (Canada) until this Charge is fully paid or otherwise satisfied. The Chargor agrees that the Chargee may rely on this representation, warranty and covenant in order to give assurances to any purchaser under power of sale as to the residency of the Chargor.

36. Prepayment. Prepayment, either in full or in part, will not be permitted during the term of this Charge, except as is expressly provided for in the Commitment Letter.

37. Due on Sale. If:

(a) the Chargor or any beneficial owner of the Land directly or indirectly sells, conveys, transfers or disposes of the Land or any part thereof or any interest therein; or

(b) if the Chargor, or any beneficial owner of the Land, agrees to directly or indirectly sell, convey, transfer or dispose of the Land or any part thereof or any interest therein; or

(c) if the Chargor, or any beneficial owner of the Land, is a corporation and the effective voting control of the Chargor or a beneficial owner of the Land changes; or

(d) if the Chargor, or any beneficial owner of the Land, merges or amalgamates with any other corporation or company;

without the prior written consent of the Chargee being first obtained, then the Chargee may, at its option, declare immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The consent to one such transaction by the Chargee shall not be deemed to be a waiver of the right to require consent of future or successive transactions. The Chargor will provide twenty-one (21) calendar days' notice to the Chargee of any anticipated or pending transaction which would require the consent of the Chargee under this paragraph, together with such reasonable information as the Chargee may from time to time request in order to determine whether or not any such transaction has taken place and whether or not to grant its consent thereto.

38. Subordinated Debt and Further Encumbrances. If the Chargor or any beneficial owner of the Land:

(a) creates, assumes or permits to exist a subordinate mortgage, charge, lien or encumbrance to be secured on the Land or any part thereof or any interest therein or any other property subject to the security in favour of the Chargee; or

(b) accepts an advance provided for in a subordinate mortgage, charge or encumbrance secured on the Land or any other property subject to the security in favour of the Chargee;

without the prior written consent of the Chargee, such consent not to be unreasonably withheld, then the Chargee may at is option, declare immediately due and payable the entire balance of the unpaid principal secured by this Charge and accrued and unpaid interest due thereon and all other monies payable under this Charge and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. The consent of the Chargee to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. The Chargor will provide twenty-one (21) calendar days' prior notice to the Chargee of any anticipated or pending transaction which would require the consent of the Charge under this paragraph, together with such reasonable information as the Chargee may from time to time request in order to determine whether or not any such transaction has taken place and whether or not to grant its consent thereto.

39. Management. If at any time during the currency of this Charge, the Chargee, acting reasonably, is of the opinion that the management of the Land is not being carried out in a satisfactory manner, having regard to the standards of management of properties similar to the Land from time to time, the Chargee shall then have the right to give the Chargor written notice requiring that the management be improved to the Chargee's reasonable satisfaction within 30 days from the date of such notice, failing which the Chargee shall have the right to appoint professional property management (without thereby becoming a mortgagee in possession of or in control and management of the Land) and the cost of such management shall be borne by the Chargor. The exercise of its rights under this paragraph 39 shall not, for greater certainty, constitute the Chargee as a mortgagee in possession or in control or management of the Lands.

40. Statements. The Chargor agrees to deliver to the Chargee annually, within 90 days of each fiscal year end of the Chargor, the following:

(a) an audited operating statement, if available, otherwise a review engagement standard operating statement in respect of the Lands including a balance sheet and supporting schedules, a detailed statement of income and expenditures (including operating expense recovery income) and supporting schedules and a statement of change in cash flows, all in respect of the Land;

(b) a current rent roll for the Land indicating the tenants, area occupied, annual rent, term of lease and renewal options and such other information as the Chargee may request (a "Rent Roll"); and

(c) a budget for the Land for the next fiscal year forecasting income, including operating expense recovery, income, and expenses (including, without limitation, capital expenses);

in each case prepared in accordance with generally accepted accounting principles. In addition, the Chargor shall deliver, immediately after request, from time to time, by the Chargee any such other financial information as to the Land, the Chargor and the Covenantors including more frequent Rent Rolls.

41. Inspections, Investigations and Environmental Assessments. The Chargee may conduct or have conducted on-site inspections and other investigations of the Land and of the current and past use of the Land and, at the sole option of the Chargee, may require an environmental assessment by a qualified environmental consultant acceptable to the Chargee prior to any advance under this Charge and prior to any renewal or extension of this Charge, or upon the occurrence of any Event of Default or, given reasonable cause as determined by the Chargee, at any time during the term of this Charge or any renewal or extension thereof. Without limiting the generality of the foregoing, the Chargee or its agent may enter upon the Land upon reasonable notice to the Chargor to conduct environmental testing, site assessment, investigation or study deemed necessary by the Chargee, in its sole discretion. Without limiting the generality of the foregoing, the Chargee shall have the right to examine the interiors of walls and all physical structures located on the Lands. The Chargee shall have the right to inspect and the Chargor shall be obliged to produce to the Chargee, all of its files, books of account and receipts if the Chargee so requests them for the purpose of its inspections and investigations and the Chargee shall have the right to conduct interviews with the employees or officers of the Chargor who may have knowledge regarding the purpose of the inspections, investigations and environmental assessments.

In the event that the Chargee discovers that any warranties or representations made by the Chargor in paragraphs 41 or 42 are not true but the condition causing such warranty or representation to be untrue is capable of being rectified, and the Chargee has not elected to call in its loan, the Chargee shall be entitled to require the Chargor to rectify such deficiency forthwith. In the event that the monies under the mortgage have not yet been advanced, the Chargee shall be entitled to deduct from the advance a reasonable estimate of the amounts required to rectify such deficiency, which amount shall be a charge on the Lands. If such deficiency is not rectified within three (3) months of the Chargee's written notice to the Chargor to rectify, the Chargee shall be entitled at its sole discretion, to either rectify such deficiency at the expense of the Chargor or to cancel its obligation hereunder or to decline to advance further funds, as the case may be, and to declare any monies theretofore advance with interest, to be forthwith due and payable, together with all Costs.

It is a condition to the advance of funds under this Charge and any renewal or extension that the results of all such inspections, investigations, tests, studies and assessments shall be satisfactory to the Chargee and, without limitation, evidence of the absence of any Hazardous Substances on the Land and the absence of any contamination of any part of the Land by any Hazardous Substances. The exercise of any of the powers enumerated in this paragraph shall not constitute the Chargee to be a mortgagee in possession of or in management or control of the Land.

If the result of an environmental assessment, inspection, test, study or investigation conducted during the term of this Charge or any renewal or extension thereof are not satisfactory to the Chargee, acting reasonably, then, at the sole option of the Chargee, the unpaid principal secured by this Charge and accrued and unpaid interest due thereon, as well as all of the Costs, shall become immediately due and payable and all the powers conferred by this Charge, at law or in equity, on the Chargee shall become exercisable including, without limitation, the power of sale contained herein. In this regard, the acceptance of any payments by the Chargee at any time during or after the term of this Charge or any renewal or extension thereof shall not constitute a waiver of or otherwise prejudice the Chargee's rights to demand and receive full repayment of the amounts secured by this Charge, as aforesaid.

All costs of such inspections, tests, studies, investigations and environmental assessment shall be borne by the Chargor and shall be immediately payable to the Chargee by *the Chargor, shall be added to the principal amount secured by this Charge,* and in default of payment, at the sole option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

42. Environmental Warranties and Representations

The Chargor and each Covenantor hereby represent, warrant, covenant and agree with the Chargee (which representations, warranties, covenants and agreements shall be continuing representations, warranties and covenants and shall survive satisfaction or release of the mortgage debt or extinguishments of the mortgage debt in the event the Chargee or a third party becomes owner of the Land upon an Event of Default of the Chargor under this Charge) that:

(a) to the best of the knowledge of the Chargor and each Covenantor after due and diligent inquiry, there are no Hazardous Substances on the Land, except in accordance with subparagraphs (c) and (d), no Hazardous Substances have ever been used, stored or located on the Land, except in compliance with all applicable laws, regulations, by-laws and other lawful requirements, prudent industrial standards and guidelines and as permitted by subparagraphs (c) and (d), and no part of the Land is or has ever been contaminated by any Hazardous Substances;

(b) there are no underground storage tanks or containers located on the Lands;

(c) except for Hazardous Substances lawfully used by the Chargor, Covenantor or tenants in the ordinary course of their respective businesses and, in the case of tenants in accordance with their leases, no Hazardous Substance shall be brought onto or used on the Land;

(d) any Hazardous Substance brought onto the Land or used by any person on the Land shall be transported, used and stored only in accordance with all applicable laws, regulations, by-laws and other lawful requirements, prudent industrial standards, guidelines and any other reasonable requirements of the Chargee;

(e) the Land will not be used in a manner which may cause or increase the likelihood of the escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from or under the Land or which may result in the cancellation or increase in the premiums of any policy of insurance in respect of the Land;

(f) the Chargor and each Covenantor shall promptly notify the Chargee as soon as it knows of or suspects that, except in accordance with subparagraph (c), any Hazardous Substance has been brought onto the Land or that there is any actual, threatened or potential escape, seepage, leakage, spillage, release or discharge of any Hazardous Substance on, from or under the Land;

(g) there is no action, suit or judicial, administrative or arbitral proceeding of any kind whatsoever pending or threatened against the Chargor or any Covenantor in any court or other authority relating to the Land and Hazardous Substances and the Chargor and each Covenantor shall promptly notify the Chargee as soon as it becomes aware of any action, suit or judicial or arbitral proceeding, pending or threatened;

(h) there are no applications for rezoning or pending regulations which may cause use of Lands or its condition to be no longer in compliance with environmental or other laws, bylaws, ordinances, statutes or regulations regarding the use or condition of the Land;

(i) the Chargor has not received notice of, nor does the Chargor have knowledge or information regarding, any compliance notice, work order, deficiency notice, directive request, or advice from or issued by any municipal, provincial or federal government, or any department, agency, board or office thereof relating to any breach of any statute, regulation, by-law or ordinance regarding leakage or emission from or to the property of, any pollutant or other substance or relating to any threatened or impending condemnation or expropriation;

(j) the Chargor has never been convicted of any offence, or been found liable in any proceeding to pay any fine or judgment to any person (including, without limitation, any individual, corporation or government), or been required to conduct any clean-up or remediation of the Lands or any other property, in each case in connection with the existence or handling of a Hazardous Substance;

(l) each lease of any part of the Land shall contain representations, warranties, covenants and agreements by tenants consistent with subparagraphs (a) to (j) of this paragraph.

The Chargor shall promptly give the Chargee written notice if it becomes aware that any of these warranties and representations set forth in this paragraph are no longer true or will no longer continue to be true and shall also promptly give the Chargee written notice specifying the occurrence or likely occurrence of any event which may result in any of the foregoing warranties or representations not continuing to be true.

43. Environmental Indemnity. Each of the Chargor and each Covenantor hereby agrees that it shall, at its sole cost and expense, remove or take remedial action or cause to be removed or cause remedial action to be taken with regard to any Hazardous Substance released in the environment at, on or near the Land for which remedial action is required pursuant to applicable environmental laws and each shall indemnify and save harmless the Chargee and it officers, directors, employees, agents and shareholders and their respective heirs, executors, administrators, successors and assigns from and against any and all losses, claims, costs, expenses, damages or liabilities (including, without limitation, all legal fees and disbursements on a full indemnity basis) which at any time may be paid or incurred by or claimed against any of them for or directly or indirectly arising out of , resulting from or attributable to the use, generation, storage, escape, seepage, leakage, spillage, release, disposal or presence on, from and under the Land of any Hazardous Substance, and such indemnification shall survive the satisfaction or release of the mortgage debt or extinguishments of the mortgage debt in the event the Chargee or a third party becomes owner of the Land as a result of any Event of Default of the Chargor of this Charge. The Chargor and each Covenantor acknowledge that the Chargee shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties hereto. Amounts payable by the Chargor or Covenantor under this indemnity shall be immediately due and payable to the Chargee by the Chargor and Covenantor, shall be a charge on the Land, shall be added to the principal amount hereby secured, shall bear interest at the interest rate provided for in this Charge and, in default of payment, at the sole option of the Chargee, the powers of sale and other remedies under this Charge, at law or in equity, may be exercised.

44. Construction Lien Act. The Chargor covenants with the Chargee to provide such additional security, information, documentation and assurances as may be required from time to time by the Chargee during the currency of this Charge to determine and to establish and preserve, in all respects, the priority of this Charge and all advances made hereunder over any rights of lien claimants pursuant to the provisions of the Construction Lien Act (Ontario), as amended or replaced from time to time.

The Chargor further covenants and agrees with the Chargee that if the Chargee makes any payment, in connection with the determination, establishment or preservation of its priority, whether such payment is made to a lien claimant or other person claiming an interest in the Land or is paid into court, then the amount or amounts so paid and all costs, charges and expenses incurred in connection therewith shall be immediately payable to the Chargee by the Chargor, shall be a charge on the Land, shall be added to the principal amount hereby secured and shall bear interest at the interest rate provided for in this Charge and in default of payment, at the option of the Chargee, the powers of sale and other remedies under this Charge, at law or in equity, may be exercised. It is further agreed that the Chargee shall not become a mortgagee in possession or in control or management of the Land by reason only of exercising any of the rights given to it under this paragraph or in making any payment to preserve, protect or secure the Land or the Chargee's first priority of charge.

45. Event of Default.

Without limiting any other provision of this Charge, the occurrence of any of the following events will constitute an Event of Default:

(a) the Chargor or any Covenantor or any beneficial owner of the Land shall be an insolvent person within the meaning of the Bankruptcy and Insolvency Act or threatens to commit any act of bankruptcy;

(b) the commencement of any proceedings or the taking of any step by or against the Chargor or any Covenantor or any beneficial owner of the Land for the dissolution, liquidation or winding-up of the Chargor or any Covenantor or any beneficial owner of the Land or for any relief under the laws of any jurisdiction relating to the bankruptcy, insolvency, reorganization, arrangement or compromise or for the appointment of one or more of a trustee, receiver, receiver and manager, custodian, liquidator or any other person with similar power with respect to the Chargor or any Covenantor or any beneficial owner of the Land or the Land or any part thereof;

(c) the Land or any part thereof is seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect and the same is not released, bonded, satisfied, discharged or vacated within a period of fifteen (15) days;

(d) failure by the Chargor to pay Taxes;

(e) any default under any of the security made in connection with this Charge or under the Commitment Letter;

(f) any failure to pay when due any amount payable, including failure to pay principal, interest or Costs or any other monies by the Chargor whether by acceleration or otherwise or any Covenantor under the provisions of this Charge;

(g) any failure of the Chargor or any Covenantor or any beneficial owner of the Land to observe or perform any of its obligations, covenants, terms, provisions or conditions under this Charge or any other agreement, security or otherwise between the Chargor and Chargee;

(h) if any representation or warranty made by the Chargor or any Covenantor to the Chargee in connection with the loan secured by this Charge is proven to have been untrue when made;

(i) if any of the encumbrances against the Land, including any lien, encumbrance or any other charge now or hereafter existing or to arise or to be claimed upon the Land, including, without limitation, any amount for utilities supplied to the Land, become enforceable.

The Chargee may in writing, at any time or times after default, waive such default but any such waiver shall apply only to the particular default waiver and shall not operate as a waiver of any other or future default.

46. Chargee May Perform. Without limiting any other rights available to the Chargee, if the Chargor defaults in the performance of any of its obligations contained in this Charge, the Chargee may (but is not obliged to) perform such obligation (without thereby becoming a mortgagee in possession of the Land or in control or management thereof) and all costs and expenses incurred by the Chargee in doing so shall be immediately payable to the Chargee by the Chargor, shall be added to the principal amount secured by this Charge, shall be a charge on the Land, shall bear interest at the interest rate provided for in this Charge and, in default of payment, at the option of the Chargee, the power of sale and other remedies under this Charge, at law or in equity, may be exercised.

47. Reorganization Proceedings. The Chargor represents and warrants that the Land is of such a unique nature that, in the event that the Chargor sought to reorganize its affairs under any of the laws of Canada (or any province) which provides the ability of a debtor to reorganize its affairs with its creditors (including, without limitation, under the Companies Creditors Arrangement Act (Canada) (the "CCAA"), the Bankruptcy and Insolvency Act (Canada) (the "BIA") or any other statute), the Chargee would not have a sufficient commonality of interests with any other creditor of the Chargor such that the Chargee would not be required to vote on any reorganization, arrangement, compromise or other transaction in a class with any other creditors of the Chargor and, in that regard, covenants and agrees that the Chargee will be treated in its own exclusive class of creditors for such purpose. Without limiting the generality of the foregoing, the Chargor covenants and agrees that:

(a) it will give the Chargee not less than 10 days written notice prior to the commencement of any proceedings under any of the CCAA, the BIA or any other similar or analogous legislation (such proceedings being referred to as "Reorganization Proceedings");

(b) in no circumstances will the Chargor seek, suffer or permit the right of the Chargee to be stayed or otherwise affected in any Reorganization Proceedings; and

(c) in the event that Reorganization Proceedings are commenced, the Chargor will consent to an order directing that all rents or other revenues generated or received in respect of the Land will forthwith be deposited into a segregated trust account under the sole control of the Chargee and that same shall not constitute the Chargee to be a mortgage in possession of or in control or management of the Land or result in an acceleration of amounts secured hereunder unless so declared by the Chargee.

48. Quiet Possession on Default. From and after default in the payment of principal or interest thereon or any other sums required to be paid or upon the occurrence of any Event of Default it shall be lawful for the Chargee to enter into, have, hold, use, occupy, possess and enjoy the Land with their appurtenances without the let, suit, hindrance, interruption or denial of the Chargor or any covenantor or any beneficial owner of the Land or any other person or persons whomsoever, free and clear of all arrears of Taxes and assessments whatsoever due or payable upon or in respect of the Land or any part thereof and of and from all former conveyances, mortgage, charges, rights, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

49. Farm Lands. If the Lands are farmlands, the Chargor will each year during the currency of the Charge either put into crop or summer fallow in good, proper and husband like manner every portion of the Land which has been or may hereafter be brought under

cultivation, and will keep the Land clear and free from all noxious weeds and generally see that the Land does not depreciate in any way.

50. Condominium. If the secured land is of a unit or units within a Condominium the following provisions shall apply:

(a) The Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, by-laws, and the rules as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the unit. Any breach of the said duties or obligations shall constitute a breach of covenant under the Charge.

(b) Without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses or special levies or assessments of any kind required of the Chargor as an owner of the unit and in the event of default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the unit and shall bear interest at the interest rate provided in this Charge from time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) The Chargor hereby irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the unit to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargee, at any time or from time to time, gives notice in writing to the Chargor and the said Condominium Corporation that the Chargee does intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargee may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter;

(ii) the Chargee shall not, by virtue of the assignment to the Chargee of the right to vote or consent, be under any obligation to vote or consent or to protect the interests of the Chargor; and

(iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

(d) The Chargor covenants and agrees to advise the Condominium Corporation to send all notices to the Chargee and to notify the Chargee of any breaches by the Condominium Corporation that come to the attention of the Chargor in order that the Chargee is kept fully informed.

ACKNOWLEDGEMENT OF RECEIPT

I/We the undersigned hereby acknowledge receipt of a copy of these standard charge terms this day of , 20

____

DATED the 21st day of July, 2003

MANULIFE BANK OF CANADA
by its solicitors, Lee, Bowden, Nightingale

Per: ____________________________
Murray H. Nightingale

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200313 Cote

Variable

STANDARD CHARGE TERM
CLAUSES TYPES DE CHARG
Filing No. 200314 Cote
Filing Date Sept 2 2003 Date de D
Page 1 of/de 21 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

FILED BY - CITIZENS BANK OF CANADA

STANDARD CHARGE TERMS

The following set of STANDARD CHARGE TERMS shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in section 9 of the above Act.

MORTGAGE TERMS
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MORTGAGE TERMS

1. DEFINITIONS

1.1 In the Mortgage;

(a) **"Assignment of Rents"** means the provisions of the Mortgage in the section of the Mortgage Terms called "Assignment of Rents";

(b) **"Balance Due Date"** means the balance due date shown on the Mortgage Form and is the date on which all unpaid Mortgage Money becomes due and payable, or such earlier date on which Citizens Bank can lawfully require payment of the Mortgage Money;

(c) **"Borrower"** means the person or persons described in the Mortgage Form as the borrower, chargor or mortgagor and who signed the Mortgage Form as the borrower, chargor or mortgagor and the heirs, personal representatives, successors and assigns of the Borrower;

(d) **"Borrower's Promises and Agreements"** means any one or more of the Borrower's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Borrower's Promises and Agreements" or elsewhere;

(e) **"Citizens Bank"** means Citizens Bank of Canada, and being the party described in the Mortgage form as the "Mortgagee", and the successors and assigns of Citizens Bank of Canada;

(f) **"Commitment"** means any commitment document(s) issued by Citizens Bank to the Borrower for the Mortgage, and any application(s) for the Commitment;

(g) **"Company"** means the Borrower or the Covenantor, if the Borrower or the Covenantor is a company;

(h) **"Court"** means a court, Judge, Master, or a Registrar, District Registrar, Deputy Registrar or Registrar General of a court or a Land Title Office, or other judicial or quasi-judicial officer having jurisdiction in any manner arising out of the Mortgage;

(i) **"Covenantor"** means the person or persons who signed the Mortgage Form as the covenantor or guarantor or as the covenantors or guarantors and the heirs, personal representatives, successors and assigns of the Covenantor;

(j) **"Covenantor's Promises and Agreements"** means any one or more of the Covenantor's obligations, acknowledgments, promises and agreements contained in the Mortgage, in the section of the Mortgage Terms called "Covenantor's Promises and Agreements" or elsewhere;

(k) **"Default"** includes each of the events of default listed in the section of the Mortgage Terms called "Default";

(l) **"Income"** means any rents and profits of or arising from or in any way connected with the Land or the Rental Agreements;

(m) **"Interest"** means interest at the Interest Rate;

(n) **"Interest Adjustment Date"** means the interest adjustment date shown on the Mortgage Form;

(o) **"Interest Calculation Period"** means the period or periods for the calculation of interest shown on the Mortgage Form;

(p) **"Interest Rate"** means the interest rate or rates shown on the Mortgage Form, or such other interest rate or rates as may be agreed in writing between Citizens Bank and the Borrower after execution of the Mortgage Form;

(q) **"Land"** means all the Borrower's present and future interest in the land described in the Mortgage Form including every incidental right, benefit or privilege attaching to that land or running with it and all buildings and improvements that are now or later constructed on or made to that land and all apparatus and equipment now or later attached to or added to such buildings and improvements, which apparatus and equipment shall be fixtures;

(r) **"Land Title Office"** means the government or other office in which the title to the Land is registered or recorded;

(s) **"Lease"** means with respect to any part of the Land in which the Borrower has a leasehold interest, the lease or leases under which such leasehold interest is created and any lease or leases with respect to all or any part of the Land which may be entered into in replacement of or renewal of such lease or leases, as any of the foregoing may be amended from time to time;

(t) **"Legal Costs"** means actual legal costs, on a solicitor and own client (full indemnity) basis;

(u) **"Loan Payment"** means the amount of each periodic payment shown on the Mortgage Form;

(v) **"Mortgage"** means the Mortgage Form and the Mortgage Terms;

(w) **"Mortgage Form"** means the document prescribed by statute or regulation as the first part of the Mortgage, which makes reference to the Mortgage Terms, and includes all schedules and addenda to such document;

(x) **"Mortgage Money"** means the Principal Amount, Interest and any other money owed by the Borrower under the Mortgage, the payment of which is secured by the Mortgage;

(y) **"Mortgage Terms"** means these mortgage, or charge, or standard charge mortgage, terms;

(z) **"Other Charges"** means any mortgage, agreement for sale or other charge or encumbrance of any kind whatsoever of or against the Land;

(aa) **"Payment Date"** means each payment date commencing on the first payment date shown on the Mortgage Form;

(bb) **"Permitted Encumbrances"** means charges affecting the Land or the Borrower's interest in the Land consented to in writing by Citizens Bank;

(cc) **"Place of Payment"** means the place of payment shown on the Mortgage Form or any other place specified in a written notice given by Citizens Bank to the Borrower under the Mortgage Terms;

(dd) **"Prime"** means that fluctuating rate of interest charged by the head office of Citizens Bank and called by Citizens Bank its prime rate, as it is designated by Citizens Bank from time to time;

(ee) **"Principal Amount"** means the amount of money shown as the principal amount on the Mortgage Form as reduced by payments made by the Borrower from time to time, or increased by the advance or re-advance of money to the Borrower by Citizens Bank from time to time, and includes all money that is later added to the Principal Amount under the Mortgage Terms;

(ff) **"Receiver"** means a receiver or receiver-manager of the Land or the rents and profits of the Land;

(gg) **"Rental Agreements"** means all rental agreements, leases, licenses, occupancy or similar agreements or arrangements, whether written or oral, and any renewals, replacements and amendments, of, for or in any way connected with or relating to the Land or the Income;

(hh) **"Strata Lot"** means a strata lot or condominium unit;

(ii) **"Strata Corporation"** means the corporation governing the Strata Lot;

(jj) **"Taxes"** means all taxes, rates, assessments, local improvement rates, utilities and similar charges levied on the Land by any lawful authority.

2. WHAT THE MORTGAGE DOES

2.1 In return for Citizens Bank agreeing to lend all or part of the Principal Amount to the Borrower, the Borrower grants and mortgages the Land to Citizens Bank as security for repayment of the Mortgage Money and for performance of all the Borrower's Promises and Agreements;

2.2 If the Land comprises or includes a Lease;

(a) the last day of the term of the Lease is excluded from the Mortgage;

(b) the Borrower acknowledges that the last day of the term of the Lease is held in trust by the Borrower for and on behalf of Citizens Bank;

(c) the Borrower irrevocably appoints all officers of Citizens Bank as attorneys of the Borrower, for the purpose of and with full authority to deal with the last day of the term of the Lease as they choose.

2.3 This means that;

(a) the Mortgage shall be a charge on the Land; and

(b) the Borrower releases to Citizens Bank all the Borrower's claim to the Land until the Borrower has paid the Mortgage Money to Citizens Bank, in accordance with the Mortgage Terms, and has performed all of the Borrower's Promises and Agreements;

2.4 The Borrower may continue to remain in possession of the Land as long as the Borrower performs all of the Borrower's Promises and Agreements;

2.5 When the Borrower has paid the Mortgage Money and performed all the Borrower's Promises and Agreements under the Mortgage and Citizens Bank has no obligation to make any further advances or re-advances, the Borrower will be entitled, at the Borrower's cost unless prohibited by law, to receive a discharge of the Mortgage. The discharge must be registered in the Land Title Office, to cancel the registration of the Mortgage against the Land. Citizens Bank has no obligation to register the discharge at the Land Title Office.

3. INTEREST

3.1 The Borrower promises and agrees that;

(a) Interest is chargeable on the Mortgage Money and is payable by the Borrower, both before and after Default and the Balance Due Date;

(b) Interest on advances or re-advances of the Principal Amount starts on the date and on the amount of each advance or re-advance, and accrues on the Principal Amount until the date the Borrower has paid or is deemed under the Mortgage to have paid, all the Mortgage Money;

(c) Interest accrues on, and is payable for, the actual dates of advances and payment or deemed payment;

(d) Interest payable on any part of the Principal Amount advanced before the Interest Adjustment Date is due and payable to Citizens Bank on the Interest Adjustment Date;

(e) at the end of each Interest Calculation Period, unpaid accrued interest will be added to the Principal Amount and bear Interest; this is known as compound interest;

(f) a certificate of an officer of Citizens Bank shall be conclusive evidence of Prime and of Interest from time to time;

(g) when Prime increases or decreases, then and so often as that may happen, the Interest payable under the Mortgage, if it is related to Prime, shall be increased or decreased accordingly.

4. PAYMENT OF THE MORTGAGE MONEY

4.1 The Borrower promises to pay the Mortgage Money to Citizens Bank at the Place of Payment in accordance with the payment provisions set out in the Mortgage, without abatement, set-off or counterclaim.

4.2 Payments received by Citizens Bank after 1:00 p.m. or on a Saturday, Sunday or statutory holiday shall be deemed to be received on and shall not be applied to the Mortgage Money until the next day which is not a Saturday, Sunday or statutory holiday;

4.3 The Borrower shall supply to Citizens Bank for the term of the Mortgage a pre-authorized account payment form acceptable to Citizens Bank for the Loan Payments;

4.4 If a payment under the Mortgage is not paid, not honoured by the Borrower's financial institution or paid late, the Borrower shall pay Citizens Bank a fee of $50.00 on each such occasion, in addition to any other remedies in the Mortgage.

5. PREPAYMENT OF THE MORTGAGE MONEY

5.1 The Borrower does not have the right to prepay all or any part of the Mortgage Money unless such right is set forth in the Mortgage Form, and then only exactly as set forth in the Mortgage Form.

6. BORROWER'S PROMISES AND AGREEMENTS

6.1 The Borrower promises and agrees;

- (a) to comply with all terms and conditions of any Permitted Encumbrances;
- (b) to comply with all laws, bylaws and orders (federal, provincial, municipal or otherwise) that apply to the Land;
- (c) to sign any other document that Citizens Bank reasonably requires to ensure that payment of the Mortgage Money is secured by the Mortgage or by any other security the Borrower has agreed to give to Citizens Bank;
- (d) to keep all buildings and improvements which form part of the Land in good condition and to repair them as Citizens Bank reasonably requires;
- (e) not to tear down any building or improvement or part of a building or improvement which forms part of the Land or to do anything that has the effect of reducing the value of the Land;
- (f) not to construct, alter or add to any buildings or improvements on the Land without the prior written consent of Citizens Bank, and then only in accordance with all accepted construction standards, building codes, government requirements and plans and specifications approved in writing by Citizens Bank;
- (g) if the Borrower has rented the Land or any part of the Land to a tenant, to keep records of the Income and of all expenses paid by the Borrower in connection with the Land and, at least annually, have a statement of revenue and expenses for the Land prepared by a professional accountant and to immediately give a copy of the statement to Citizens Bank, if Citizens Bank requires the Borrower to do so;
- (h) to pay, except where prohibited by law, all of Citizens Bank's fees and costs, including Legal Costs, to;
  - (i) inspect the Land;
  - (ii) investigate title to the Land;
  - (iii) prepare and register the Mortgage and other security, or renewals thereof, including all necessary steps to advance and secure the Mortgage Money and to report to Citizens Bank;
  - (iv) collect the Mortgage Money;
  - (v) enforce the terms of the Mortgage, including efforts to compel the Borrower to perform the Borrower's Promises and Agreements;

(vi) take and keep possession of the Land;

(vii) protect, preserve and defend Citizens Bank's interest in the Mortgage and the Land;

(viii) remove, dispose of, or otherwise deal with personal property left on the Land;

(ix) insure Citizens Bank's interest in the Lands;

(x) appraise the Lands;

(xi) investigate the environmental state of the Lands;

(xii) remediate any environmental contamination or potential contamination of the Lands, or to comply with any requirement in this regard of any government;

(xiii) prepare a discharge of the Mortgage when the Borrower has paid all money due under the Mortgage and the Borrower wants it to be discharged;

(xiv) prepare Mortgage Money statements for discharge or assumption purposes or otherwise;

(xv) prepare renewal, extension or assumption agreements or documents;

(xvi) receive and process requests for assumption, extension or renewal, restructuring, reinstatement or other amendment of the Mortgage, whether or not completed; or;

(xvii) effect an assumption or transfer of the Mortgage;

(xviii) do anything which the Borrower has promised to do but has not done;

(i) to pay any money which, if not paid, would result in a default under any Other Charges or which might result in a sale of the Land;

(j) to pay and cause to be discharged any Other Charges which are not Permitted Encumbrances;

(k) that the Borrower owns the Land and has the right to mortgage the Land to Citizens Bank;

(l) that the Borrower's title to the Land is subject only to;

(i) those charges and encumbrances that are registered in the Land Title Office at the time the Borrower signed the Mortgage Form;

(ii) any unregistered charges and encumbrances that Citizens Bank has agreed to in writing;

(m) that, subject to the immediately foregoing, the Borrower;

(i) has not granted any Other Charges;

(ii) has no knowledge of any other claims against the Land;

(n) that the Commitment is part of the Mortgage and if any part of the Commitment is inconsistent with any part of the Mortgage Citizens Bank can determine, at its sole option, whether that part of the Commitment or that part of the Mortgage prevails;

(o) all representations and warranties of the Borrower in the Commitment are true.

7. AGREEMENTS BETWEEN THE BORROWER AND CITIZENS BANK

7.1 Any money paid to Citizens Bank under the Mortgage shall;

(a) prior to a Default, be applied first in payment of any money other than the Principal Amount and Interest, second in payment of Interest, and third in payment of the Principal Amount; and

(b) after a Default, be applied to the Mortgage Money in any manner Citizens Bank chooses;

7.2 Citizens Bank may at any reasonable time inspect or have appraised the Land and any buildings and improvements which form part of it;

7.3 If Citizens Bank takes possession of the Land Citizens Bank will not be responsible for maintaining and preserving the Land and need only account to the Borrower for any money which Citizens Bank actually receives in connection with the Land;

7.4 Citizens Bank may, if it chooses, spend money to perform any of the Borrower's Promises and Agreements which the Borrower has not performed and any money so spent shall be added to the Principal Amount and be secured by the Mortgage, bear Interest from the date that the money was so spent, and be immediately due and payable to Citizens Bank. Citizens Bank can rely on any statement as to the amount of money required to be so spent, and the Borrower will not have any remedy against Citizens Bank if any such statement is not correct;

7.5 If the Borrower wants to give any notice to Citizens Bank, the Borrower must do so by having it delivered personally to a vice president of Citizens Bank;

7.6 If Citizens Bank wants to give any notice to the Borrower, Citizens Bank may do so by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to Citizens Bank, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to Citizens Bank;

7.7 The Borrower is not released from the Borrower's Promises and Agreements only because the Borrower sells the Land;

7.8 The Borrower is not released from the Borrower's Promises and Agreements only because, after the Borrower sells the Land, any change is made to the terms and conditions of the Mortgage (and, in that event, the Borrower agrees to be bound by any such change);

7.9 If the Borrower has mortgaged or charged anything else to Citizens Bank to secure payment of the Mortgage Money, Citizens Bank may take all lawful proceedings under any of the mortgages or charges in any order that Citizens Bank chooses;

7.10 The Mortgage is in addition to and not in substitution for any other security held by Citizens Bank for the Mortgage Money;

7.11 Citizens Bank's right of consolidation applies to the Mortgage and to any other mortgages given by the Borrower to Citizens Bank. This means that if the Borrower has mortgaged other property to Citizens Bank the Borrower will not have the right, after a Default, to pay off the Mortgage or any other mortgage unless the Borrower pays Citizens Bank all money owed by the Borrower under the Mortgage and all of the other mortgages;

7.12 The Borrower agrees that Citizens Bank may securitize, assign or pledge the Mortgage, without the consent of the Borrower. The Borrower irrevocably agrees that Citizens Bank can collect, use and disclose all personal information included in or relevant to the Mortgage (including credit and default information) with respect to the Borrower or any Covenantor in connection with such securitization, assignment or pledge, or with respect to collection or enforcement proceedings for the Mortgage;

7.13 Citizens Bank does not have to advance or re-advance the Principal Amount or the rest or any further part of the Principal Amount to the Borrower even though;

(a) the Borrower has signed the Mortgage;

(b) the Mortgage is registered in the Land Title Office; or

(c) Citizens Bank has advanced part of the Principal Amount;

7.14 Citizens Bank may deduct from any advance of the Principal Amount;

(a) any Taxes that are due;

(b) any Interest that is due and payable to the date of the advance, and to the Interest Adjustment Date;

(c) all of Citizens Bank's fees and costs, including Legal Costs, of and in connection with the preparation and registration of the Mortgage and other security, including other necessary steps to advance and secure the Mortgage Money and to report to Citizens Bank;

(d) any insurance premium;

(e) any appraisal or inspection fees; or

(f) any other money owing to Citizens Bank by the Borrower.

8. INSURANCE

8.1 The Borrower promises and agrees;

(a) to insure and keep insured against the risk of fire and other risks and losses that Citizens Bank asks the Borrower to insure against, with an insurance company licensed to do business and acceptable to Citizens Bank, all buildings and improvements on the Land to their full insurable value on a replacement cost basis and to pay all insurance premiums when due;

(b) The insurance policy or policies required by the Mortgage Terms shall contain a standard mortgage clause and earthquake coverage approved by Citizens Bank and shall state that payment of any loss shall be made to Citizens Bank at the Place of Payment and, if the Mortgage is not a first mortgage, the amount of any payment made by the insurance company shall be paid to the Borrower's lenders in the order of their priorities;

(c) The Borrower gives up any statutory right to require the insurance proceeds to be applied in any particular manner;

(d) to send a true copy of each insurance policy and renewal certificate to Citizens Bank at the Place of Payment;

(e) If the Mortgage is in default , the Borrower shall pay Citizens Bank $75.00 for each month during which default continues, as compensation for Citizens Bank's costs of insuring its interest in the Lands;

(f) that if Citizens Bank insures its interest in the Lands, Citizens Bank is under no obligation to otherwise insure the Lands.

9. TAXES

9.1 The Borrower promises and agrees;

(a) to pay all Taxes when they are due and to immediately send to Citizens Bank at the Place of Payment all notices of Taxes which the Borrower receives and proof of payment of all Taxes once they are paid;

(b) to apply for all government grants, assistance and rebates in respect of Taxes.

10. DEFAULT

10.1 Default occurs under the Mortgage if;

(a) the Borrower breaks any of the Borrower's Promises and Agreements;

(b) the Covenantor breaks any of the Covenantor's Promises and Agreements;

(c) the Borrower breaks any promise or agreement which the Borrower has made to Citizens Bank in a mortgage of any other land or other property or in any other agreement the Borrower has made with Citizens Bank;

(d) the Covenantor breaks any promise or agreement which the Covenantor has made to Citizens Bank in a mortgage of any other land or other property or in any other agreement the Covenantor has made with Citizens Bank;

(e) the Borrower or the Covenantor breaks any of their promises and agreements in the Commitment;

(f) any of the representations of the Borrower or the Covenantor in the Mortgage or the Commitment are false;

(g) the Borrower or the Covenantor breaks any of their promises and agreements in any Other Charges;

(h) the Borrower or the Covenantor becomes bankrupt or insolvent;

(i) the Land is abandoned or is left unoccupied for thirty or more consecutive days, or construction of any building or improvement on the Land ceases for thirty or more consecutive days, without the prior written consent of Citizens Bank;

(j) the Land or any part of it is expropriated;

(k) the Borrower sells or agrees to sell all or any part of the Land, or the Borrower leases all or any part of the Land, or the Borrower grants an option to purchase or a right of first refusal for all or any part of the Land, without the prior written consent of Citizens Bank;

(l) the Borrower gives another mortgage or charge of the Land or the Income to someone other than Citizens Bank without the prior written consent of Citizens Bank;

(m) the Borrower does not discharge any judgment or similar charge registered in the Land Title Office against the Land within thirty days after its registration; or

(n) the Borrower allows any claim of builders lien or similar charge to remain registered in the Land Title Office against the Land for more than thirty days after its registration, unless the Borrower;

  (i) diligently disputes the validity of the claim by taking all necessary legal steps to do so;

  (ii) gives Citizens Bank security acceptable to it, to pay the claim in full if it is found to be valid; and

  (iii) authorizes Citizens Bank to use, if it chooses, the security to pay the lien in full;

(o) there is default under the Lease; or

(p) a Receiver is appointed;

10.2 If a Default occurs under the Mortgage, it will have the same effect as though a Default had occurred under any other mortgage or agreement between the Borrower and Citizens Bank or the Covenantor and Citizens Bank.

11. CONSEQUENCES OF A DEFAULT

11.1 If a Default occurs, all the Mortgage Money then owing to Citizens Bank will, if Citizens Bank chooses, at once become due and payable;

11.2 If a Default occurs, the Borrower waives any rights of reinstatement, whether by statute or otherwise;

11.3 If a Default occurs and involves the failure of the Borrower or the Covenantor to pay any money required to be paid by either of them under the Mortgage, Citizens Bank may, if it chooses, make that payment and add it to the Principal Amount, without in any way waiving or excusing that Default;

11.4 If a Default occurs Citizens Bank may, in any order that Citizens Bank chooses, do any one or more of the following;

(a) demand payment of all the Mortgage Money;

(b) sue the Borrower for the amount of money due;

(c) sue the Covenantor for the amount of money due;

(d) take proceedings and any other legal steps to compel the Borrower to keep the Borrower's Promises and Agreements;

(c) take proceedings and any other legal steps to compel the Covenantor to keep the

Covenantor's Promises and Agreements;

(d) sell the Land;

(e) apply to the Court for an Order that the Land be sold;

(h) apply to the Court to foreclose the Borrower's interest in the Land so that when the Court makes its final order of foreclosure the Borrower's interest in the Land will be absolutely vested in and belong to Citizens Bank;

(i) appoint a Receiver;

(j) without becoming a mortgagee in possession, enter on the Land without the permission of anyone and make any arrangements Citizens Bank considers necessary to;

  (i) inspect, lease, collect rents or manage the Land;

  (ii) complete the construction of any building or improvement on the Land; or

  (iii) repair any building or improvement on the Land;

(k) take, recover and keep possession of the Land;

(l) insure Citizens Bank's interest in the Lands (whether or not the Lands are partially or fully insured);

11.5 If Citizens Bank sells the Land, the following terms and conditions shall apply to such a sale:

(a) notice shall be given to the Borrower and any other persons in such manner and form and within such time as provided by statute or regulation in the Province where the Land is located. Unless otherwise required, the Borrower agrees that notice may be given by having it delivered to or by sending it by mail to the last address of the Borrower or the Borrower's legal representative known to Citizens Bank, or by sending it by facsimile transmission to the last known facsimile number of the Borrower or the Borrower's legal representative known to Citizens Bank;

(b) the sale may be conducted immediately upon expiration of any period required by law or at any time thereafter, and Citizens Bank may delay the sale for such period of time as it chooses;

(c) Citizens Bank may sell the whole or any part or parts of the Land by public auction, private contract, or partly one or partly the other;

(d) Citizens Bank may sell on such terms as to credit and otherwise as Citizens Bank chooses and for such prices as can reasonably be obtained, and may make any stipulations as to title or other matter which Citizens Bank chooses;

(e) in the case of a sale on credit Citizens Bank will be bound to pay the Borrower or any other person with a claim thereto or apply on account of the Principal Amount only such monies as have actually been received from the purchaser from time to time;

(f) after the satisfaction of the Mortgage Money, Citizens Bank is not bound to pay any remaining monies to the Borrower or any other person claiming entitlement thereto until all such agreements and assurances required by Citizens Bank have been executed and delivered;

(g) Citizens Bank may buy in or rescind or vary any contract for the sale of the whole or any part of the Land, and resell without being responsible for any resulting loss;

(h) any person, including Citizens Bank or any employee, agent or representative of Citizens Bank, may bid on, tender for or purchase the Land at the sale;

(i) any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper. No want of any required notice or publication shall invalidate any sale or lease under this Mortgage and the title of a purchaser or lessee upon a sale or lease made in professed exercise of the power of sale shall not be liable to be impeached on the ground that no cause had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given; any person prejudiced by an unauthorized, improper or irregular exercise of the power shall have his or her remedy against the person exercising the power in damages only;

(j) all provisions of the Mortgage relating to a sale of the Land following default, including, without limitation, the persons to whom notice of exercising the power of sale must be given and the manner of giving such notice, will be deemed to have been amended so as to comply with the requirements of law from time to time in force with respect to exercising any power of sale or other sale remedy; wherever any such requirement may be waived or shortened, such requirement is hereby waived and shortened.

11.6 If Citizens Bank obtains judgment against the Borrower as a result of a Default, the remedies in the Mortgage may continue to be used by Citizens Bank to compel the Borrower to perform the Borrower's Promises and Agreements, and the judgment will not result in the merger of any of the Borrower's Promises and Agreements;

11.7 If Citizens Bank obtains judgment against the Covenantor as a result of a Default, the remedies in the Mortgage may continue to be used by Citizens Bank to compel the Covenantor to perform the Covenantor's Promises and Agreements;

11.8 Citizens Bank will continue to be entitled to receive Interest on the Mortgage Money until all judgments are paid in full;

11.9 If Citizens Bank does not exercise any of Citizens Bank's rights on the happening of a Default or does not ask the Borrower or the Covenantor to cure it, Citizens Bank is not prevented from later compelling the Borrower or the Covenantor to cure that Default or exercising any of those rights in connection with that Default or any later Default of the same or any other kind;

11.10 Any personal property which remains on the Land after;

(a) Citizens Bank takes possession of the Land;

(b) a Receiver takes possession of the Land; or

(c) the Land is sold;

will be deemed to be abandoned. Citizens Bank or a Receiver can remove, store, dispose of, or otherwise deal with such personal property as Citizens Bank or a Receiver chooses, and in so doing Citizens Bank or a Receiver shall not be or be deemed to be a bailee or liable in any way to the Borrower or any other person.

12. RECEIVER

12.1 The Borrower appoints both Citizens Bank and any agent of Citizens Bank as the Borrower's attorney to appoint a Receiver;

12.2 Citizens Bank or Citizens Bank's agent may, if any Default happens, appoint a Receiver and the Receiver;

(a) will be the Borrower's agent and the Borrower will be solely responsible for the Receiver's acts or omissions;

(b) has power, either in the Borrower's name or in the name of Citizens Bank, to demand, recover and receive the Income and start and carry on any action or Court proceeding to collect the Income;

(c) may give receipts for the Income which the Receiver receives;

(d) may lease or sublease the Land or any part of it on terms and conditions that the Receiver chooses;

(e) may complete the construction of or repair any building or improvement on the Land;

(f) may take possession of all or part of the Land;

(g) may manage the Land and maintain it in good condition;

(h) has the power to perform, in whole or in part, the Borrower's Promises and Agreements;

(i) has the power to do anything that, in the Receiver's opinion, will maintain and preserve the Land or will increase or preserve the value or income potential of the Land;

(j) has the power to sell the Land, and the provisions of section 11.5 with respect to a sale by Citizens Bank will, to the extent applicable, apply to any sale by the Receiver;

12.3 From the Income received the Receiver may do any of the following in any order the Receiver chooses;

(a) retain a commission or fees and disbursements;

(b) pay all costs, including Legal Costs, in connection with the receivership or to collect the Income;

(c) pay all Taxes and the cost of maintaining and preserving the Land, completing the construction of any building or improvement on the Land, supplying goods, utilities and services to the Land and taking steps to preserve the Land from damage by weather, vandalism or any other cause;

(d) pay insurance premiums;

(e) pay any money that might, if not paid, result in a default under any Other Charges or that might result in the sale of the Land if not paid;

(f) pay Taxes in connection with anything the Receiver is entitled to do under the Mortgage;

(g) pay Interest to Citizens Bank that is due and payable;

(h) pay all or part of the Principal Amount to Citizens Bank whether or not it is due and payable;

(i) pay any other money owed by the Borrower under the Mortgage;

12.4 The Receiver may borrow money for the purpose of doing anything the Receiver is authorized to do;

12.5 A Receiver may be removed by Citizens Bank and Citizens Bank may appoint another in the Receiver's place;

12.6 The costs, fees, disbursements and borrowings of the Receiver, including interest thereon and Legal Costs, may be paid by Citizens Bank and be added to the Mortgage Money;

12.7 Nothing done by the Receiver under this section will make Citizens Bank a mortgagee in possession.

13. ASSIGNMENT OF RENTS

13.1 Citizens Bank will not exercise its rights in this section unless a Default occurs;

13.2 The Borrower assigns to Citizens Bank all Rental Agreements and all rights and benefits under the Rental Agreements and all the Income;

13.3 Citizens Bank will not be responsible for the collection of the Income or any part of the Income or for the performance of any of the terms or conditions of the Rental Agreements;

13.4 Citizens Bank need only account for whatever money Citizens Bank actually receives by virtue of the Assignment of Rents less whatever costs, including Legal Costs, Citizens Bank may incur, and such money when received by Citizens Bank shall be applied on account of the Mortgage Money;

13.5 The Borrower and Citizens Bank acknowledge that the Assignment of Rents is an additional and collateral security for the Mortgage and not in substitution for or in satisfaction of it, and that the Mortgage will not be merged with the Assignment of Rents, and in case of a Default Citizens Bank may at its option take proceedings under either the Mortgage or the Assignment of Rents or both;

13.6 The Borrower will not accept prepayment of the Income due or becoming due and will only accept payment in due course;

13.7 The Income received by the Borrower will, unless otherwise permitted in writing by Citizens Bank, be held by the Borrower in trust for Citizens Bank and will be paid to Citizens Bank on demand;

13.8 Nothing done by Citizens Bank under this section will make Citizens Bank a mortgagee in possession.

14. ASSIGNMENT OF PROCEEDS

14.1 The Borrower assigns to Citizens Bank all proceeds received or receivable by, or paid or payable to, the Borrower;

(a) pursuant to any claim or action that the Borrower may have against any contractor, subcontractor, architect, supplier, materialman, designer, installer, manufacturer of equipment or any similar parties;

(b) pursuant to any insurance held by any of the immediately preceding parties;

(c) pursuant to any insurance for any public liability or property damage claim the Borrower may have against any parties;

(d) pursuant to any sale or disposition of the Land or the Borrower;

14.2 The Borrower shall hold any of the proceeds set forth above and received by it as trustee for Citizens Bank.

15. SUBDIVISION

15.1 This section applies if the Land is subdivided;

15.2 The Mortgage will charge each subdivided lot as security for payment of all the Mortgage Money;

15.3 Citizens Bank is not required to partially discharge the Mortgage as a charge on any of the subdivided lots, unless all the Mortgage Money is paid;

15.4 Even though Citizens Bank is not required to discharge any subdivided lot from the Mortgage, Citizens Bank may agree to do so in return for payment of all or part of the Mortgage Money. If Citizens Bank discharges a subdivided lot, the Mortgage will continue to charge the subdivided lot or lots that have not been discharged.

16. CONSTRUCTION MORTGAGE

16.1 This section applies if the Mortgage is intended to finance any construction, alteration or addition on or to the Land;

16.2 The Borrower promises and agrees that;

(a) Citizens Bank may make advances of the Principal Amount to the Borrower based on the progress of construction; Citizens Bank will decide whether or not any advances will be made, the amount of the advances, and when they will be made;

(b) Citizens Bank can charge a fee, for each advance made;

(c) Citizens Bank can erect one or two signs of reasonable prominence on the Land, indicating that Citizens Bank has provided the Mortgage Money;

(d) All plans, specifications, materials and workmanship shall be subject to the approval of Citizens Bank;

(e) Citizens Bank may inspect the Land and construction thereon at any time;

(f) Citizens Bank is a lender only and is not involved in any way with construction, and the Borrower indemnifies Citizens Bank from and against any claims which may be made against Citizens Bank arising from or in any way connected with this section;

17. LEASEHOLD MORTGAGE

17.1 This section applies if the Land is or includes a leasehold interest;

17.2 The Borrower promises and agrees that;

(a) the Lease is owned by the Borrower subject only to those charges that are registered against the Land in the Land Title Office at the time the Borrower signs the Mortgage Form;

(b) the Lease is in good standing;

(c) the Borrower has complied with all the Borrower's promises and agreements in the Lease;

(d) the Borrower has paid all rent that is due and payable under the Lease;

(e) the Lease is not in default;

(f) the Borrower has the right to mortgage the Lease to Citizens Bank;

(g) the Borrower will comply with the Lease and not do anything that would cause the Lease to be terminated;

(h) the Borrower will immediately give to Citizens Bank a copy of any notice or request received from the landlord;

(i) the Borrower will immediately notify Citizens Bank if the landlord advises the Borrower of the landlord's intention to terminate the Lease before the term expires;

(j) the Borrower will sign any other document Citizens Bank requires to ensure that any greater interest in the Land that is acquired by the Borrower is charged by the Mortgage;

(k) the Borrower will not, without first obtaining the written consent of Citizens Bank, surrender or terminate or change the terms of the Lease;

(l) the Borrower will renew the Lease or extend the term of the Lease as necessary to protect the interests of Citizens Bank, and the Mortgage will extend to any such renewal or extension;

17.3 Citizens Bank may perform any promises or agreements of the Borrower under the Lease;

17.4 Nothing done by Citizens Bank under this section will make Citizens Bank a mortgagee in possession.

18. STRATA LOT MORTGAGE

18.1 This section applies if the Land is or becomes a strata lot;

18.2 The Borrower will fulfill all of the Borrower's obligations as a Strata Lot owner under all applicable statutes, regulations, bylaws, rules and regulations of the Strata Corporation, and will pay all money owed by the Borrower to the Strata Corporation;

18.3 The Borrower assigns to Citizens Bank the right to vote for the Borrower under the bylaws of the Strata Corporation but Citizens Bank is not required to do so or to attend or vote at any meeting or to protect the Borrower's interest;

18.4 At the request of Citizens Bank, the Borrower will give Citizens Bank copies of all notices, financial statements and other documents given by the Strata Corporation to the Borrower;

18.5 The Borrower appoints Citizens Bank to be the Borrower's agent to inspect or obtain copies of any records or other documents of the Strata Corporation that the Borrower is entitled to inspect or obtain;

18.6 Citizens Bank may pay all money owed by the Borrower to the Strata Corporation, and add that amount to the Mortgage Money;

18.7 Nothing done by Citizens Bank under this section will make Citizens Bank a mortgagee in possession.

19. CURRENT OR RUNNING ACCOUNT MORTGAGE

19.1 This section applies if the Mortgage secures a current or running account;

19.2 Citizens Bank may, on one or more occasions, advance and re-advance all or part of the Principal Amount and the Mortgage;

- (a) will be security for payment of the Principal Amount as advanced and re-advanced and for all other money payable to Citizens Bank under the Mortgage;
- (b) will not be considered to have been redeemed only because;
  - (i) the advances and re-advances made to the Borrower have been repaid; or
  - (ii) the accounts of the Borrower with Citizens Bank cease to be in debit; and
- (c) remains effective security for further advances and re-advances until the Borrower has received a discharge of the Mortgage.

20. ENVIRONMENTAL MATTERS

20.1 The Borrower promises and agrees that, to the best of the Borrower's knowledge, no condition exists with respect to the storage or discharge into the earth or its atmosphere of effluents, waste or other materials, solid, liquid or gaseous of the Borrower, nor has any waste been disposed of in any way or manner which would cause the Borrower to be liable for fines or penalties under any applicable laws or rules or to incur expenses of any sort to correct any such condition. The Borrower has not received any notice, nor to the best of the Borrower's knowledge is any such notice pending, from any governmental body claiming any material violation of any environmental, zoning, building, health or safety law or ordinance requiring any work, repairs, construction, alterations, noise reduction, clean-up or installation which has not been complied with by the Borrower.

20.2 The Borrower promises and agrees to immediately remediate any environmental contamination or potential contamination of the Land, and to comply with any requirement in this regard of any government.

21. COVENANTOR'S PROMISES AND AGREEMENTS

21.1 As Citizens Bank would not have agreed to lend all or part of the Principal Amount to the Borrower without the Covenantor's Promises and Agreements and in consideration of Citizens Bank advancing all or part of the Principal Amount to the Borrower at the request of the Covenantor, and for other good and valuable consideration, the Covenantor promises and agrees;

(a) to pay all the Mortgage Money when due; and

(b) to keep and perform all the Borrower's Promises and Agreements;

21.2 The Covenantor agrees that, with or without notice, the following shall in no way affect any of the Covenantor's Promises and Agreements or the liability of the Covenantor to Citizens Bank;

(a) a discharge of the Land or any part of the Land from the Mortgage;

(b) any disregard or waiver of a Default;

(c) any modification of the Mortgage, including a renewal of the Mortgage or a change in the Interest Rate;

(d) the giving of extra time to the Borrower to;

  (i) do something that the Borrower has agreed to do, including paying any of the Mortgage Money; or

  (ii) cure a Default;

(e) any other dealing between the Borrower and Citizens Bank that concerns the Mortgage or the Land;

(f) the bankruptcy, insolvency, dissolution, death or incapacity of the Borrower; or

(g) the sale of the Land;

21.3 The Covenantor agrees to be bound by any modification of the Mortgage, or similar agreement, made between Citizens Bank and the Borrower;

21.4 All the Covenantor's Promises and Agreements shall be binding on the Covenantor until all the Mortgage Money is fully paid to Citizens Bank;

21.5 The Covenantor promises and agrees that Citizens Bank may, at its sole option, enforce the Covenantor's Promises and Agreements, the Borrower's Promises and Agreements or any other security in the Mortgage in any order or combination Citizens Bank may choose;

21.6 The Covenantor is a primary debtor to the same extent as if the Covenantor has signed the Mortgage as a Borrower and is not merely a guarantor or a surety and the Covenantor's Promises and Agreements are joint and several with the Borrower's Promises and Agreements. This means that the Covenantor and the Borrower are both liable to perform all the Borrower's Promises and Agreements;

21.7 If more than one person signs the Mortgage Form as Covenantor, the promises and agreements of the Covenantor are both joint and several.

22. CORPORATE BORROWER OR COVENANTOR

22.1 The Company will first obtain Citizens Bank's prior written approval of any change in its control or ownership by;

(a) the transfer of any shares or voting rights by its members;

(b) the issuance or allotment of its shares to any person not a shareholder on the date of execution of the Mortgage;

(c) the appointment or election of directors other than those holding office on the date of execution of the Mortgage; or

(d) reorganization or amalgamation;

22.2 The Company promises and agrees that;

(a) it is and shall during the term of the Mortgage be validly existing and in good standing under the laws of the jurisdiction of its incorporation and legally qualified to carry on business in the jurisdiction(s) in which it carries on business and in which the Land is situate;

(b) it has all powers and authorizations necessary to enable it to execute the Mortgage;

(c) it has duly executed and delivered the Mortgage, so that the Mortgage is in full force and effect and constitutes a legal, valid and binding obligation of the Company;

(d) it has all such powers and authorizations necessary to enable it to own and operate or develop the Land or enable it to execute and deliver the Covenant;

(e) there are no outstanding unpaid judgments or claims against the Company and no actions, suits or proceedings pending or threatened against or affecting the Company or the Land which would result in a material adverse change on its financial position or business affairs or its ability to meet its obligations under the Mortgage.

23. GENERAL

23.1 Each Borrower is jointly and severally liable for all of the Borrower's Promises and Agreements as though each such Borrower had been the only Borrower to sign;

23.2 Each Covenantor is jointly and severally liable for all of the Covenantor's Promises and Agreements as though each such Covenantor had been the only Covenantor to sign;

23.3 If any part of the Mortgage is not enforceable all other parts will remain in effect and be enforceable;

23.4 In the Mortgage the singular includes the plural and the masculine includes the feminine and body corporate and vice versa, where the context requires;

23.5 The headings in the Mortgage Terms are inserted for convenience only and in no way affect the meaning or interpretation of the Mortgage;

23.6 Any addition to or modification, amendment, or variation of the Mortgage to be effective must be in writing and signed by a representative of Citizens Bank;

23.7 The Mortgage shall be interpreted and enforced in accordance with the laws of the Province in which the Land is situate. For all purposes relating to the Mortgage, the Borrower and the Covenantor submit and attorn to the jurisdiction of all Courts in Canada;

23.8 The Borrower and Covenantor promise and agree to execute such further documents as may be required in the sole discretion of Citizens Bank to give effect to the Mortgage;

23.9 The Borrower and the Covenantor acknowledge, promise and agree that the Mortgage shall be deemed to be executed by all parties under seal and that the Mortgage is to take effect as a deed.

I/We the undersigned hereby acknowledge receipt of the copy of these standard charge terms this day of , 20 .

DATED July 30, 2003

CITIZENS BANK OF CANADA

Per: ______________________
Nigel Green
Director, Credit Risk Management

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 206314 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200315 Cote
Filing Date Sept. 23rd/03 Date de Dépôt
Page 1 of/de 13 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES DROITS IMMOBILIERS

LAND REGISTRATION REFORM ACT SET OF STANDARD CHARGE TERMS

Filed by: PEOPLES TRUST COMPANY
Filing Number:
Filing Date:

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in Section 9 of the Act, except to the extent that the provisions of this set of standard charge terms are modified by additions, amendments or deletions in a schedule, if any.

1. DEFINITIONS

In this set of standard charge terms:
Act means the *Land Registration Reform Act*, R.S.O. 1990, c.I.4, (as amended or replaced);
borrower, **you** and **your** mean each person who signs the mortgage as chargor(s);
CMHC means Canada Mortgage and Housing Corporation;
interest adjustment date means the date specified in the registered document; **lender**, **we**, **our** and **us** mean Peoples Trust Company, as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;
mortgage, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms; **principal amount** means the amount set out in the registered document;
registered document means for the non-electronic paper based registration system, the Form 2 Charge/ Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the condominium corporation, and references to "your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in Section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;

to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages).

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and is calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date in the registered document, default and judgment, until the loan amount has been paid in full.

5. FLOATING INTEREST RATE (Applicable only to Floating Rate Mortgages)

(a) Interest Rate

The interest rate payable by you specified in the registered document is a floating rate which is adjusted, calculated and payable as set out in this paragraph 5(a). At any particular time, the interest rate chargeable under the mortgage is called the "current mortgage rate". Interest is adjusted daily and calculated and payable monthly, not in advance, and is payable on the loan amount both before and after the balance due date, default and judgment, until the loan amount has been paid in full. The interest rate payable for each day shall be the rate per annum equal to the prime rate of Bank of Montreal in effect on such day (the "mortgage prime rate") plus the additional percentage amount set out in the registered document.

(b) How You May Determine the Interest Rate.

The mortgage prime rate, the current mortgage rate payable and principal and interest payment on the loan amount remain in effect until varied as provided under paragraph 5(a). Within a reasonable time after each change in the mortgage prime rate, we may mail to you, at your last known address according to our records, a notice of the changed mortgage prime rate, its effective date, the current mortgage rate and the changed principal and interest payment, if applicable, calculated semi-annually not in advance. The interest rate and payment amount will still vary under paragraph 5(a) even if we fail to send you such a notice or you fail to receive it. The mortgage prime rate in effect at any time is available at any branch in Canada of Bank of Montreal.

6. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest"), both before and after the balance due date (as set out in the registered document), default and judgment on all overdue amounts (including interest). You must pay this additional interest immediately when we require, both before and after the balance due date, default and judgment.

7. REPAYMENT OF LOAN AMOUNT

(a) Currency and Place

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) Interest adjustment date

Interest on advances up to the interest adjustment date will be calculated in advance at the rate specified in the registered document in effect on the date of advance and at our option will be deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date. If you have a Floating Rate Mortgage, interest will be calculated at the rate specified in the registered document in effect on the date of advance.

(c) Regular Payments

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document, starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) Payment Provisions on Default

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 18.

(e) Bank Account for Payments

You must maintain an account of a type satisfactory to us with a Canadian financial institution and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to meet each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then current administration and processing fees for any actions which we have to take under this paragraph 7.

8. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) insurance premiums, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts debited in respect of the mortgage, including tax accounts (the escrow accounts); d) to pay interest or reduce the interest (including any deferred or compound interest outstanding) on the principal amount accumulated to but not including the payment date; e) to satisfy the tax portion of the mortgage payment (if applicable); and f) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage, we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose.

9. YOUR PREPAYMENT RIGHTS

If you have complied with all your obligations under the mortgage and your property either contains no more than four living units or is a single residential condominium unit, then you have the following prepayment rights, depending on the type of mortgage you selected:

(A) If you have a Floating Rate Mortgage:

When not in default, you shall have the privilege of paying all but not part of the loan amount outstanding on your Floating Rate Mortgage without notice, bonus or penalty, on any regular mortgage payment date provided you also pay all accrued interest , outstanding charges and costs and our discharge fee.

(B) If you have a Fixed Rate Mortgage:

(i) PARTIAL PREPAYMENT:

When not in default, you shall have the privilege of prepaying up to 20% of the original principal amount of the mortgage with no penalty, on any anniversary of the interest adjustment date. This privilege is non-cumulative and is only available if the mortgage is continuing in force and is not applicable in part to any payment in full of the mortgage.

(ii) FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY – FIRST THREE YEARS:

During the first three years after the interest adjustment date you may prepay the mortgage in full but not in part, without notice, upon payment of the full loan amount together with an administration fee equal to the amount of the present value amount and our discharge fee. The "present value amount" means the amount of the future payments that would have been made under the mortgage until maturity, discounted at the Government of Canada Yield, calculated semi-annually, not in advance "Government of Canada Yield" means the yield published in the Globe and Mail newspaper of Government of Canada Bonds to the next shortest date to the remaining term of the mortgage. Should the Government of Canada Yield not be available from the Globe and Mail, then we will use the average of the Government of Canada Yield quoted by two national investment dealers.

(iii) FULL PAYMENT AND DISCHARGE PRIOR TO MATURITY – AFTER THREE YEARS

At any time after the first three years after the interest adjustment date you may prepay the mortgage in full but not in part, without notice, upon payment of the loan amount together with our discharge fee and an administration fee equal to the greater of:

- Three months' interest at the rate specified in the registered document or if renewed at the rate for your chosen renewal option, on the principal amount in lieu of notice; or
- The amount, if any, by which interest at the rate specified in the registered document or, if renewed at the rate for your chosen renewal option, exceeds interest at the current reinvestment interest rate, calculated on the loan amount, for the remaining term of the mortgage or

renewal term. The "current reinvestment interest rate" at the time of prepayment means the rate at which we would lend to you on the security of a similar mortgage of your property for a term starting on the date of prepayment and ending on the balance due date of the mortgage.

10. MORTGAGES WITH DEPOSITS

If required pursuant to the terms of your mortgage loan, you shall deposit funds as a mortgage security deposit. You authorize us to deduct the deposit from the principal amount advanced. You will earn interest on this deposit amount at our 30-day deposit rate. You authorize us to apply the deposit on account of the mortgage principal and the monthly payments of principal and interest.

11. CERTAIN PROMISES YOU MAKE TO US

(a) **You certify and agree with us that:**

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and
- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property;

(ix) you will not create any subsequent encumbrances of your property nor will you permit any such encumbrances to be created with our written consent;

(x) you will give us the first opportunity to provide financing of your property on the maturity or repayment of the mortgage.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 11(b)(xii), as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 23 (a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 23 and, in particular, under paragraph 23(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 11(b)(xiii) and appoint a new trustee or trustees.

12. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

13. INSURANCE (Paragraph 13 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvements on your property for not less than their guaranteed replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus is operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and, not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and will bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

  (i) used to repair or rebuild your property;

  (ii) paid to you; and/or

  (iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

14. PROPERTY TAXES

(a) Taxes mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax instalment, based on the estimated annual taxes and anticipated future payments of taxes (as determined by us) that will be payable for the year following such regular mortgage payment date.

(d) If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them, failing which you will repay to us the cost of obtaining such documentation and, if not paid, we will add such cost to the loan amount. We do not have to hold any moneys which you send us under this paragraph 14 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If there is a deficiency in the tax account, such deficiency will bear interest at the rate specified in the mortgage document. If you do not comply with any of your obligations under the mortgage, we may, if we wish, apply any moneys which we have received under paragraph 14 to any portion of the loan amount.

(e) Notwithstanding the provisions of this paragraph 14 we may, at our option, choose not to require payment of taxes to us, in which case you will be responsible for payment of all taxes on your property. You will provide us with all the receipted tax bills by the end of each calendar year, failing which you will repay to us the cost of obtaining such receipts and, if not paid, we will add such cost to the loan amount. If, for any reason, you do not pay the taxes when required, then paragraphs 14 (a) through (d) will apply.

15. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph 15, then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

16. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been signed and registered and whether or not any part of the principal amount has previously been advanced. Even so, by signing the mortgage you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a full indemnity basis) and expenses, for investigating title to your property and for preparing and registering the mortgage.

17. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option. You agree to keep us informed of the status of occupancy.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registrable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and
- give us security on chattels, fixtures and equipment as we may reasonably require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 17, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 17 will put us in possession of your property and we are not obliged to collect any rent or income from your property or to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section 52(1) of the *Mortgages Act*, R.S.O. 1990, C.m.40 (as amended or replaced).

18. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 11) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more default which may occur in the future.

19. AUTOMATIC EXTENSION

IN THE EVENT that you fail to repay the loan amount on the balance due date, or fail to accept within 10 business days of receipt thereof or 10 business days prior to the balance due date (whichever is the later) any renewal offer tendered by us you hereby agree that at our sole option the mortgage shall be automatically extended for a period of 90 days from the balance due date (the "Extended Period"), at an interest rate equal to the mortgage prime rate plus 2.5% per annum, adjusted daily and calculated and payable monthly. All other terms and covenants under the mortgage shall continue and remain binding on you and any guarantors (where applicable) for the Extended Period. Nothing herein shall obligate or be deemed or interpreted to obligate us to offer any renewal or extension of the mortgage, or be deemed or interpreted to extend the term of the mortgage beyond the balance due date, nor shall anything herein be deemed or interpreted to be a forbearance, waiver or limitation of any of our rights or remedies under the mortgage and all other security for the mortgage, all which are hereby specifically preserved and confirmed by you to be binding and enforceable. The mortgage may be paid in full at any time during the Extended Period.

20. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations and those of any guarantor under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

21. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

22. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property, we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur in so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document.

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

23. **ENFORCING OUR RIGHTS**

(a) **Remedies** - If you do not make any payment when required under the mortgage, or do not comply with any of your other obligations under the mortgage, or if we discover a discrepancy or inaccuracy in any written information, statements or representations made or furnished to us by you or any guarantor or on the behalf of such party concerning your property or your financial status or that of any guarantor, or in the event of any material adverse change in the value of your property or your financial status or that of any guarantor on which we relied in making any advances under the mortgage, we may enforce any one or more of the remedies listed below in any order.

(i) Our remedies are:

(ii) **Sue you** - We may take such action as is necessary to collect the loan amount.

(iii) **Foreclosure or Sale** - We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iv) **Lease Your Property** - If your default continues for 15 days, we may, on 15 days' notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Power of Sale** - If your default continues for 15 days' we may, on at least 35 days' written notice to you as required by Part III of the Mortgages Act enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(vi) **Enter on Your Property** - We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vii) **Appoint a Receiver** - We can appoint, in writing, a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage; and pay all or any part of the loan amount whether it is due or not.

(viii) **Cure Any Defaults** - We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non-Interference** - If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession, with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** - All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement** - Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor, who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments** - If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

24. CONDOMINIUM

(If your property is a condominium unit, you must also comply with this paragraph 23 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 13.)

The corporation created by the registration of a declaration under the *Condominium Act*, 1998 of Ontario (as amended or replaced) is called the condominium corporation.

(a) **Compliance with the Condominium Act, etc.** - You will comply with the Condominium Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** - You will pay all amounts required by the Condominium Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands** - You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** -

(i) You assign to us and authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** - At our option, the loan amount will become payable immediately if:

(i) government of the property of the condominium corporation under the Condominium Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of its common elements;

(iii) the condominium corporation fails to comply with the Condominium Act declaration, by laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage by fire and other perils usually insured against for full replacement cost;

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(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance** - Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. We must approve the insurance company or companies. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or to provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

25. DUE ON SALE AND RELEASE

If you transfer title to your property, or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full and you will be repay the full loan amount together an administration fee equal to the present value amount and our discharge fee. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible.

26. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

27. INSPECTION

If we, CMHC (if this is a CMHC insured mortgage), or our respective agents have reason to believe that your property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we or CMHC consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

28. EXPROPRIATION

If your entire property is expropriated, the full loan amount together with an administration fee equal to the present value amount and our discharge fee will immediately become due and payable.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with an administration fee equal to the present value amount and our discharge fee.

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29. **GUARANTEE**

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor or otherwise guarantees the obligations of the borrower under the mortgage agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may, at any time and from time to time, without the consent of or notice to any guarantor, give any extension of time for payment (including renewals of the mortgage at the same or at an increased or a decreased interest rate), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

30. **RESERVATION OF RIGHTS**

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

31. **DISCHARGE OF MORTGAGE**

Upon maturity or early full payment of this mortgage, a discharge or assignment, if requested by you, will only be delivered upon full payment being received by us in accordance with our latest issued and current discharge statement. For purposes of calculating per diem interest on a discharge, funds received in our main office in Toronto, Ontario after 12:00 noon on any business day shall be deemed to have been received on the next following business day. We further reserve the right to refuse a discharge or transfer of this mortgage until any charges or returned cheque amounts arising after the discharge statement is issued are also fully paid to us.

You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on title and to pay the registration fee. If electronic registration is available for your mortgage, we or our solicitors may register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

32. **FEES**

You agree to pay us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, discharges, amending or other agreement, statements for information purposes, payment frequency changes, any fees referred to in paragraph 7(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the interest rate required by the mortgage.

The amount of such fees in effect at any particular time is available by contacting us.

33. **FAMILY LAW ACT**

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made herein and in the registered document were and are completely truthful and accurate under Part II of the *Family Law Act*, R.S.O., 1990, C.f.3 (as amended or replaced).

34. **DOCTRINE OF CONSOLIDATION**

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

35. **DATE OF MORTGAGE**

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment:

(a) the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document regardless of the date of signature that appears in the registered document; and

(b) if this mortgage is extended or renewed, the date of this mortgage shall be deemed to be the first day on which such extension or renewal is effective

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the *Ontario New Home Warranties Plan Act*, R.S.O., 1990, C.o.31 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

37. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

38. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceability of all other provisions will not be affected.

39. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

40. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the *National Housing Act*, R.S.C. 1985, c. N-10.

41. MAKING MATERIAL CHANGES

Any agreement to make material changes to the mortgage terms and conditions including, without limitation, any extension of the time for payments, changes in the interest rate or renewals or extensions of the mortgage term will apply not only to those who agree to the changes in writing but also to any person, including any guarantor, who signed the original mortgage agreement or a guarantee but did not agree to the changes in writing.

RECEIPT

The Chargor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

Dated the ________________ day of ____________________________, __________________.

________________________________ ________________________________

Chargor: Chargor:

The Guarantor(s) hereby acknowledges receipt of a true copy of the Charge and the foregoing Standard Charge Terms before signing the Charge.

Dated the ________________ day of ____________________________, __________________.

________________________________ ________________________________

Guarantor: Guarantor:

DATED the 17th day of September, 2003.

PEOPLES TRUST COMPANY
By its solicitors, Traub Moldaver

Per: E Harris
Elaine Harris

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200316 Cote
Filing Date Oct. 6/2003 Date de Dépôt
Page 1 of/de 21 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT

SET OF STANDARD CHARGE TERMS

Filed by:

ST. WILLIBROD COMMUNITY CREDIT UNION LIMITED

Filing No. 200316

Filing Date October 6th/03

The following set of standard charge terms shall be deemed to be included in every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

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1. DEFINITIONS

(a) General Definitions

The following terms shall have the following meanings irrespective of whether the Charge is an ERS Charge or a Form 2 Charge:

(i) "Charge" - means a Form 2 Charge or ERS Charge in which this set of standard charge terms is deemed to be included pursuant to the Land Registration Reform Act and includes any schedules attached to it, any additional provisions contained in it, any renewals or extensions thereof, amendments thereto, and includes this set of standard charge terms;

(ii) "Charge Rate" - has the meaning given to it in section 4 of these standard charge terms, as applicable;

(iii) "Charged Premises" - means the lands and premises described in the Charge, including all improvements thereto and all fixtures forming a part thereof;

(iv) "Condominium Act" - means the *Condominium Act*, R.S.O. 1990, c.C.26, as amended or replaced from time to time;

(v) "Condominium Corporation" - means the condominium corporation created by the registration pursuant to the Condominium Act of a Declaration in which a portion of the lands described in the Declaration are the Charged Premises;

(vi) "Declaration" - means the declaration which, together with a description, was registered pursuant to the Condominium Act thereby creating the Condominium Corporation, as same may be amended from time to time;

(vii) "Deferred Interest" - means the amount by which the interest that has accrued on the aggregate of the portion of the Principal Amount then outstanding from one payment date under the Charge to the next payment date under the Charge exceeds the Payment Amount (or such other amount agreed to by the Chargor and the Chargee, in writing as the amount to be paid on a payment date) and thus remains unpaid;

(viii) "ERS Charge" - means a charge in an electronic format registered electronically pursuant to the provisions of Part III of the Land Registration Reform Act and the regulations made pursuant thereto;

(ix) "Form 2 Charge" - means a Charge/Mortgage of Land registered using a paper based system of registration pursuant to the provisions of Part I of the Land Registration Reform Act and the regulations made pursuant thereto;

(x) "Land Registration Reform Act" - means the *Land Registration Reform Act*, R.S.O. 1990, c.L.4, as amended or replaced from time to time;

(xi) "Lease" - has the meaning given to it in section 13 of these standard charge terms;

(xii) "Loan to Value Ratio" – means the ratio of the Principal Amount to the lesser of: (i) the purchase price paid by the Chargor to acquire the Charged Premises; or (ii) the value of the Charged Premises on the date the Charge takes effect. The value of the Charged Premises shall be determined by the Chargee in its sole discretion;

(xiii) "Prime Rate" - means the variable rate of interest per year declared by the Chargee from time to time to be its prime rate for Canadian dollar loans made by the Chargee in Canada;

(xiv) "Renting" - means the renting, leasing, entering into of a tenancy agreement with, or allowing occupancy by a Tenant of the whole or any part of the Charged Premises;

(xv) "Reversion" - has the meaning given to it in paragraph 13(b) of these standard charge terms;

(xvi) "taxes" - means all municipal taxes, school taxes and local improvement rates chargeable against the Charged Premises;

(xvii) "Tenant" - has the meaning set out in Section 1 of the *Tenant Protection Act, 1997*, SO. 1997, c. 24, as amended (the "Tenant Protection Act"); and

(xviii) "term" - means the period of time from the Interest Adjustment Date to the agreed upon maturity date of the Charge.

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(b) Form 2 Charge Definitions

If the Charge is a Form 2 Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" - means the date indicated in Box 9(i);

(ii) "Box" - means a box contained in the Form 2 Charge in which the names of parties to and the terms of the Form 2 Charge may he indicated;

(iii) "Chargee" - means the party referenced in Box 14;

(iv) "Chargor - means each and every party referenced in Box 11;

(v) "Covenantor" - has the meaning given to it in section 38 of these standard charge terms. Covenantor shall mean any guarantor to the Charge;

(vi) "First Payment Date" - means the date indicated in Box 9(f) or as agreed to in writing between the Chargor and Chargee;

(vii) "Fixed Rate Mortgage" - has the meaning given to it in section 4 of these standard charge terms;

(viii) "Interest Adjustment Date" - means the date indicated in Box 9(d) or as agreed to in writing between the Chargor and Chargee;

(ix) "Last Payment Date" - means the date indicated in Box 9(g) or as agreed to in writing between the Chargor and Chargee;

(x) "Payment Amount" - means the dollar amount of money indicated in Box 9(h) or as agreed to in writing between the Chargor and Chargee;

(xi) "Principal Amount" - means the dollar amount of money indicated in Box 4;

(xii) "Rate" - means the interest rate expressed in words and/or numbers in Box 9(b) or as agreed to in writing between the Chargor and Chargee;

(c) ERS Charge Definitions

If the Charge is an ERS Charge, the following terms shall have the following meanings:

(i) "Balance Due Date" - means the date indicated in the Computer Field entitled "Balance Due Date" or as agreed to in writing between the Chargor and Chargee;

(ii) "Chargee" - means the party indicated in the Computer Field entitled "Chargee";

(iii) "Chargor" - means each and every party indicated in the Computer Field entitled "Chargors";

(iv) "Covenantor" - has the meaning given to it in section 38 of these standard charge terms. Covenantor shall mean any guarantor to the Charge;

(v) "Computer Field" - means a computer data entry field in an ERS Charge into which the names of the parties to and the terms of an ERS Charge maybe indicated;

(vi) "First Payment Date" - means the date indicated in the Computer Field entitled "First Payment Date" or as agreed to in writing between the Chargor and Chargee;

(vii) "Fixed Rate Mortgage" - has the meaning given to it in section 4 of these standard charge terms;

(viii) "Interest Adjustment Date" - means the date indicated in the Computer Field entitled "Interest Adjustment Date" or as agreed to in writing between the Chargor and Chargee;

(ix) "Last Payment Date" - means the date indicated in the Computer Field entitled "Last Payment Date or as agreed to in writing between the Chargor and Chargee;

(x) "Payment Amount" - means the dollar amount of money indicated in the Computer Field entitled "Payment" or as agreed to in writing between the Chargor and Chargee;

(xi) "Principal Amount" - means the dollar amount of money indicated in the Computer Field entitled "Principal";

(xii) "Rate" - means the interest rate expressed in words and/or numbers indicated in the Computer Field entitled "Rate" or as agreed to in writing between the Chargor and Chargee;

2. FREEHOLD CHARGE

If the Chargor named in the Charge has a fee simple interest in the Charged Premises the following paragraph applies to the Charge:

The Chargor named in the Charge of which this set of standard charge terms forms a part by reference to its filing number in such Charge charges the Charged Premises with the payment to the Chargee of the principal and interest and other monies secured by the Charge upon the terms as set out in the Charge.

3. COLLATERAL SECURITY

The Chargor has, at the request of the Chargee, agreed to give this Charge as a continuing collateral security for the payment and satisfaction to the Chargee of all obligations, debts and liabilities, past, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed at any time owing by the Chargor to the Chargee or remaining unpaid by the Chargor to the Chargee heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between the Chargee and the Chargor or from any agreement or dealings with any third party by which the Chargee may be or become in any manner whatsoever a creditor of the Chargor or however otherwise incurred or arising anywhere within or outside Canada and whether the Chargor be bound alone or with another or others and whether as principal or surety and any ultimate unpaid balance thereof and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again (such obligations, debts and liabilities being hereinafter called the "liabilities") but it being agreed that this Charge at any one time will secure only that portion of the Principal Amount of the liabilities outstanding at such time which does not exceed the sum either set forth in Box 4 of a Form 2 Charge or set out in the Computer Field entitled Principal in an ERS Charge, together with any interest or compound interest accrued on the Principal Amount at such time at the Charge Rate, plus such costs and expenses to which the Chargee is entitled pursuant to the Charge. Unless otherwise indicated by the Chargee, the Charge is not a revolving loan.

4. CHARGE RATE

Notwithstanding the fixed rate of interest set forth in the Charge, if the Chargor and the Chargee have agreed in writing that a lower rate of interest is applicable to the Principal Amount, then such lower rate of interest shall apply.

(a) Fixed Rate Mortgage

If the Charge is a Fixed Rate Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be: (i) if the Charge is an ERS Charge, the percentage per annum indicated in the Computer Field entitled "Rate"; or (ii) if the Charge is a Form 2 Charge, the percentage per annum indicated in Box 9 (b); or (iii) such rate as agreed to in writing between the Chargor and Chargee (such rate of interest being hereinafter referred to as the "Charge Rate") calculated half-yearly not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

(b) Variable Rate Mortgage

If the Charge is a Variable Rate Mortgage, the rate of interest chargeable upon the Principal Amount and all other amounts payable under the Charge shall be the rate specified in the Charge as follows:

(i) if the Charge is an ERS Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in the Computer Field entitled "Rate" plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled "Rate"; or

(ii) if the Charge is a Form 2 Charge, the Prime Rate per annum, as the same will vary from time to time, as indicated in Box 9(b) plus or minus the number of percentage points, per annum, if any, indicated in Box 9(b); or

(iii) the percentage per annum agreed to in writing between the Chargor and the Chargee;

such rate of interest being hereinafter referred to as the "Charge Rate", payable monthly and calculated monthly, not in advance, as well after as before maturity of the Charge, and both before and after default and judgment until paid.

If the Charge is a Variable Rate Mortgage, the Charge Rate will vary automatically, without notice to the Chargor, each time there is a change in the Prime Rate. The Charge Rate will always be the Prime Rate plus or minus the number of percentage points per annum, if any, indicated in the Computer Field entitled Rate of an ERS Charge, in Box 9(b) of a Form 2 Charge or as agreed to in writing between the Chargor and Chargee, as applicable, payable monthly and calculated monthly not in advance.

The Charge Rate calculated monthly not in advance is equivalent to the rate of interest calculated half-yearly not in advance shown in the equivalent rate table found in Section 10 of these standard charge terms. The Chargor may determine the equivalent rate by locating the Charge Rate in the column entitled "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)". The half-yearly equivalent for the Maximum Charge Rate can be determined in the same way.

In the event that it may be necessary at any time for the Chargee to prove the Prime Rate applicable as at any time or times, it is agreed that the certificate in writing of the Chargee setting forth the Prime Rate as at any time or times shall be deemed to be conclusive evidence as to the Prime Rate as set forth in the certificate.

5. DEFEASANCE

(a) The provisions relating to defeasance contained in subsection 6(2) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

(b) Provided the Charge shall be void upon the Chargor paying on demand to the Chargee all of the liabilities including, without limitation, the Principal Amount with interest thereon at the Charge Rate per annum, calculated and payable monthly or half-yearly, as the case may be, as well after as before maturity, default and judgment, with interest on overdue interest at the Charge Rate as on the Principal Amount and all other amounts payable by the Chargor under the Charge and paying any taxes, rates, levies, charges or assessments upon the Charged Premises no matter by whom or what authority imposed and observing and performing all covenants, provisos and conditions contained in the Charge.

6. TAXES

It is mutually agreed between the parties to the Charge that:

(a) The Chargee may deduct from any advance of monies to the Chargor an amount sufficient to pay the taxes which have become or will become due and payable at the date of such advance and are unpaid at the date of such advance.

(b) The Chargor shall pay to the Chargee in monthly installments on the dates on which installments of principal and interest are payable under the Charge, sums sufficient to enable the Chargee to pay the whole amount of taxes on or before the due date for payment thereof or, if such amount is payable in installments, on or before the due date for payment of the first installment of taxes.

(c) Where the period between the date of the advance and the end of the calendar year is less that one year, the Chargor shall pay to the Chargee in equal monthly installments, during such period and during the next succeeding 12 month period, an amount estimated by the Chargee to be sufficient to pay, on or before the expiration of the said 12 month period, all taxes which shall become due and payable during the said two periods and during the balance of the year in which the said 12 month period expires; and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the actual taxes exceed such estimated amount.

(d) Except as provided in the last preceding clause, the Chargor shall, in each and every month, pay to the Chargee one-twelfth of the amount (as estimated by the Chargee) of the taxes next becoming due and payable, and the Chargor shall also pay to the Chargee on demand the amount, if any, by which the said actual taxes exceed such estimated amount.

(e) The Chargee shall allow the Chargor interest on the average monthly balances standing in the Charge account from time to time to the credit of the Chargor for payment of taxes at a rate per annum, and at such times, as the Chargee may determine in its sole discretion; and the Chargor shall be charged interest at the Charge Rate, on the debit balance, if any, in the Charge account outstanding after payment of taxes by the Chargee, until such debit balance is fully repaid.

The Chargee agrees to apply the foregoing deductions and payments to the taxes chargeable against the Charged Premises so long as the Chargor is not in default under any covenant, proviso or agreement contained in the Charge, but nothing contained in the Charge shall obligate the Chargee to apply such payments on account of taxes more often that yearly. Provided, however, that if, before any sum or sums so paid to the Chargee shall have been so applied, there shall be default by the Chargor in respect of any payment or principal or interest as provided in the Charge, the Chargee may apply such sum or sums in or towards payment of the principal and/or interest in default. The Chargor further covenants and agrees to transmit to the Chargee the assessment notices, tax bills and other notices affecting the imposition of taxes forthwith after the receipt of same by the Chargor.

Notwithstanding the provisions set out in this section, the Chargee may elect not to require payment of taxes to it in which case the Chargor will pay all taxes as they fall due and will provide the Chargee with receipts confirming payment of same as the Chargee may require.

The Chargor shall pay to the Chargee, on demand, the amount of any income, corporate, withholding or similar taxes (other than the Chargee's income taxes) (the "Income Taxes") that may be imposed upon or in respect of the Principal Amount from time to time outstanding, together with interest thereon that the Chargee may be called upon to pay, together with interest from the date on which such Income Taxes are paid by the Charge at the rate and compounded in the manner provided in the Charge.

7. COMPOUND INTEREST

It is agreed that if default is made in the payment of any amount to become due for interest at any time appointed for payment thereof, compound interest shall be payable and the amount in arrears for interest from time to time, as well after as before maturity, shall bear interest at the Charge Rate, and in case the interest and compound interest are not paid on the next interest payment date after the date of default a rest shall be made, and compound interest at the Charge Rate shall be payable on the aggregate amount then due, as well after as before maturity, and so on from time to time, and all such interest and compound interest shall be a charge upon the Charged Premises and shall be secured by the Charge.

8. OBLIGATION TO MAINTAIN ACCOUNT

The Chargor agrees that, if regular payments of principal and/or interest (and taxes, if applicable) are required to be made by the provisions of the Charge or pursuant to a written agreement between the Chargor and the Chargee, the Chargor shall maintain, with a branch of the Chargee, an account of a type satisfactory to the Chargee, and, unless the Chargor has made alternate arrangements with the Chargee, the Chargee shall be entitled to automatically debit such account, by an amount equal to each payment of principal and/or interest (and taxes, if applicable),when each such payment is due. The Chargor covenants to ensure that such account always has sufficient funds on deposit to satisfy each such payment when due. If the Chargor breaches this covenant, or cancels the said authorization or closes the account (without opening and maintaining a substitute account), then such action or omission shall constitute a default under the Charge.

9. PREPAYMENT

Unless otherwise specified in the Commitment between the Chargor and the Chargee, this Charge shall be closed with no right of prepayment.

10. EQUIVALENT INTEREST RATES

This section sets out a table of equivalent interest rates. The equivalent interest rates are provided for disclosure purposes only and do not affect the calculation of interest under the Variable Rate Mortgage which calculation is set out in paragraph 4(b) of these standard charge terms. The following table sets out interest rates calculated half yearly, not in advance which are equivalent to interest rates calculated monthly not in advance. The Chargor may determine the equivalent rate by locating the rate of interest payable under the Chargor's Variable Rate Mortgage in the column headed "Interest Rate Calculated Monthly Not in Advance (%)" and comparing that rate of interest to the rate of interest indicated in the column immediately to the right of such rate of interest entitled "Equivalent Interest Rate Calculated Half-Yearly Not in Advance (%)".

EQUIVALENT RATES TABLE

Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)	Interest Rate Calculated Monthly Not In Advance (%)	Equivalent Interest Rate Calculated Half-Yearly Not In Advance (%)
1.000	1.002	10.500	10.732
1.125	1.128	10.625	10.863
1.250	1.253	10.750	10.994
1.375	1.379	10.875	11.124
1.500	1.505	11.000	11.255
1.625	1.631	11.125	11.386
1.750	1.756	11.250	11.517
1.875	1.882	11.375	11.648
2.000	2.008	11.500	11.779
2.125	2.134	11.625	11.910
2.250	2.261	11.750	12.041
2.375	2.387	11.875	12.173
2.500	2.513	12.000	12.304
2.625	2.639	12.125	12.435
2.750	2.766	12.250	12.567
2.875	2.892	12.375	12.698
3.000	3.019	12.500	12.830
3.125	3.145	12.625	12.962
3.250	3.272	12.750	13.094
3.375	3.399	12.875	13.225
3.500	3.526	13.000	13.357
3.625	3.652	13.125	13.489
3.750	3.779	13.250	13.621
3.875	3.906	13.375	13.753
4.000	4.033	13.500	13.885
4.125	4.161	13.625	14.018
4.250	4.288	13.750	14.150
4.375	4.415	13.875	14.282
4.500	4.542	14.000	14.415
4.625	4.670	14.125	14.547
4.750	4.797	14.250	14.680
4.875	4.925	14.375	14.812
5.000	5.052	14.500	14.945
5.125	5.180	14.625	15.078
5.250	5.308	14.750	15.211
5.375	5.436	14.875	15.344
5.500	5.563	15.000	15.477
5.625	5.691	15.125	15.610
5.750	5.819	15.250	15.743
5.875	5.947	15.375	15.876
6.000	6.076	15.500	16.009
6.125	6.204	15.625	16.143
6.250	6.332	15.750	16.276
6.375	6.460	15.875	16.409
6.500	6.589	16.000	16.543
6.625	6.717	16.125	16.677
6.750	6.846	16.250	16.810
6.875	6.974	16.375	16.944
7.000	7.103	16.500	17.078
7.125	7.232	16.625	17.212
7.250	7.360	16.750	17.345
7.375	7.489	16.875	17.480
7.500	7.618	17.000	17.614
7.625	7.747	17.125	17.748
7.750	7.876	17.250	17.882
7.875	8.005	17.375	18.016
8.000	8.135	17.375	18.016
8.125	8.264	17.500	18.151
8.250	8.393	17.625	18.285
8.375	8.522	17.750	18.419
8.500	8.652	17.875	18.554
8.625	8.781	18.000	18.689
8.750	8.911	18.125	18.823
8.875	9.041	18.250	18.958
9.000	9.170	18.375	19.093
9.125	9.300	18.500	19.228
9.250	9.430	18.625	19.363
9.375	9.560	18.750	19.498
9.500	9.690	18.825	19.633
9.625	9.820	19.000	19.768
9.750	9.950	19.125	19.903
9.875	10.080	19.250	20.039
10.000	10.211	19.375	20.174
10.125	10.341	19.500	20.310
10.250	10.471	19.625	20.445
10.375	10.602	19.750	20.581

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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11. DEEMED COVENANTS EXCLUDED

The covenants deemed to be included in a charge by subsection 7(1) of the Land Registration Reform Act shall be and are hereby expressly excluded from the terms of the Charge.

12. COVENANTS IN LIEU OF STATUTORY COVENANTS

The Chargor does hereby, covenant, promise and agree to and with the Chargee, as follows:

(a) To Maintain Membership in Credit Union

That during the currency of the Charge, the Chargor shall maintain at all times the Chargor's status as a member in good standing of St. Willibrord Community Credit Union Limited (and its successors and assigns).

(b) To Pay and Observe Covenants

That the Chargor, shall pay or cause to be paid to the Chargee, without deduction or abatement, the Principal Amount, and any other amounts secured by the Charge with interest at the Charge Rate at the times and in the manner limited for payment thereof, and shall do, observe, perform, fulfill and keep all the provisions, covenants, agreements and stipulations particularly set forth in the Charge, and, without limitation, shall pay any taxes, rates, levies, charges or assessments including, without limitation, utility charges, upon the Charged Premises or in respect thereof, no matter by whom or by what authority imposed, which the Chargee has paid or has been rendered liable to pay.

(c) For Good Title

If the Charge is a charge of a fee simple estate, that the Chargor, at the time of execution and delivery of the Charge, in the case of a Form 2 Charge, or at the time of delivery for registration, in the case of an ERS Charge, is and stands solely, rightfully and lawfully seized of a good, sure, perfect, absolute and indefeasible title in fee simple to the Charged Premises free of any trusts, reservations, limitations, provisos or conditions (except those contained in the original grant thereof from the Crown) or any other matter or thing to alter, charge, change, encumber or defeat the same.

(d) Right to Charge

That the Chargor has good right, full power and lawful and absolute authority to charge the Charged Premises with their appurtenances unto the Chargee, in the manner set out in the Charge.

(e) Quiet Possession on Default

That from and after default in the payment of the portion of the Principal Amount then outstanding or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations contained in the Charge, contrary to the true intent and meaning thereof, then in every such case, it shall be lawful for the Chargee, peaceably and quietly to enter into, have, hold, use, occupy, possess and enjoy the Charged Premises or lands and premises intended to be charged by the Charge, with their appurtenances, without the let, suit, hindrance, interruption or denial of the Chargor, or any other person or persons whomsoever, free and clear of all arrears of taxes and assessments whatsoever due or payable upon or in respect of the Charged Premises or any part thereof and of and from all former conveyances, mortgages, charges, rights, annuities, debts, executions and recognizance and of any other charges or encumbrances whatsoever.

(f) Further Assurances

That from and after default in the payment of the portion of the Principal Amount then outstanding, or the interest thereon, or any part thereof or of any other amounts payable under the Charge or in the doing, observing, performing, fulfilling or keeping of one or more of the provisions, agreements or stipulations in the Charge contrary to the true intent and meaning thereof, then and in every such case the Chargor and all and every person or persons whosoever having, or lawfully claiming, or who shall or may have or lawfully claim any estate, right, title, interest or trust of, in, to or out of the Charged Premises by, from, under or in trust for the Chargor shall and will, from time to time, and at all times thereafter, make, do, suffer, execute, deliver, authorize and register or cause or procure to be made, done, suffered, executed, delivered, authorized and registered all and every such further and other reasonable act or acts, deed or deeds, devices, conveyances and assurances in the law for the further, better and more perfectly and absolutely conveying, charging and assuring the Charged Premises unto the Chargee, as by the Chargee or its solicitor shall or may be lawfully and reasonably devised, advised, or required.

(g) Done No Act to Encumber

That the Chargor has not at any time heretofore made, done, committed, executed or willfully or knowingly suffered any act, deed, matter or thing whatsoever whereby the Charged Premises or the lands and premises intended to be charged by the Charge, or any part thereof, are, is or shall or may be in any way impeached, charged, affected or encumbered in title, estate, or otherwise howsoever.

(h) **Insurance**

(i) That the Chargor will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the Charged Premises and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to, and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies duly authorized to carry on business as such and shall pay all premiums and sums of money necessary for such purpose as the same shall become due; each policy of insurance shall provide that loss, if any, shall be payable to the Chargee as its interest may appear, subject to a standard form of mortgage clause or other mortgage clause approved by the Chargee and the Chargor will forthwith assign, transfer and deliver over unto the Chargee the policy of insurance and receipts thereto appertaining; and if the Chargor shall neglect to keep the said buildings or any of them insured as aforesaid, or to deliver such policies and receipts or to produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obliged to insure the said buildings or any of them, and if the Chargee shall pay any premiums or sums of money for insurance for the Charged Premises or any part thereof the amount of such payment shall be added to the debt secured by the Charge and shall bear interest at the Charge Rate from the time of such payments and shall be payable at the time appointed for the next ensuing payment of interest on the said debt; and the Chargor shall forthwith on the happening of any loss or damage, furnish at his own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance monies and the production of a copy of the Charge, if the Charge is a Form 2 Charge, or printed copy of the Charge if the Charge is an ERS Charge, shall be sufficient authority for the said insurance company to pay any such loss to the Chargee, and the said insurance company is hereby directed thereupon to pay the same to the Chargee; and any insurance monies received may, at the option of the Chargee, be applied in rebuilding, reinstating or repairing the Charged Premises or be paid to the Chargor or any other person appearing by the registered title to be or to have been the owner of the Charged Premises or be applied or paid partly in one way and partly in another, or it may be applied, in the sole discretion of the Chargee, in whole or in part on the Charge on account of the amounts secured by this Charge or any part thereof whether due or not then due.

(ii) If the Charged Premises are part of a condominium the insurance provisions set out above will not apply and the following will apply to the Charge:

And that the Chargor or the Condominium Corporation or both of them will forthwith insure and during the continuance of the Charge keep insured in favour of the Chargee against loss or damage by fire, lightning, windstorm, hail, explosion, impact, vandalism, malicious acts, civil disturbance or riot, smoke, falling objects and other risks, hazards and perils which the Chargee might require to the full extent of their replacement cost in lawful money of Canada, each and every building on the said land and which may hereafter be erected thereon, both during erection and thereafter and all fixtures as hereinafter defined or referred to and all other risks, hazards and perils of any nature or kind which the Chargee might require depending on the nature of the Charged Premises or the use thereof, with a company or companies approved by the Chargee; and the Chargor and the Condominium Corporation will forthwith assign, transfer and deliver unto the Chargee the policy or policies of insurance and receipts thereof appertaining and if the Chargor or Condominium Corporation or both of them shall neglect to keep the said buildings or any of them insured aforesaid, or to deliver such policy or policies, and receipts or produce to the Chargee at least fifteen days before the termination of any insurance, evidence of renewal thereof, the Chargee shall be entitled but shall not be obligated to insure the said buildings or any of them; and the Chargor or the Condominium Corporation or both of them shall forthwith on the happening of any loss or damage comply fully with the terms of the policy, or policies, of insurance and, without limiting the generality of the obligation of the Chargor to observe and perform all the duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration and by-laws of the Condominium Corporation as hereinafter provided, shall comply with the insurance provisions of the Declaration; and the Chargor as a member of the Condominium Corporation shall seek the full compliance by the Condominium Corporation of the aforementioned covenants.

13. LEASEHOLD PROVISIONS

If the interest of the Chargor in the Charged Premises derives from a lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence of the Charged Premises (such lease, sublease, agreement to lease, tenancy, right of use or occupation, right of first refusal to lease, option to lease or licence including any renewal, extension, modification, replacement or assignment thereof is hereinafter collectively called the "Lease"), then the following additional provisions apply with respect to such interest:

(a) all references herein to "Charged Premises" shall include all right, title and interest of the Chargor from time to time in and to the Lease and the lands and premises demised under the Lease, including any greater right, title or interest therein or in any part thereof acquired after the date of the Charge;

(b) the Chargor grants, mortgages, demises, sub-leases and charges to the Chargee all estate, term, right, title and interest of the Chargor in and to the Lease and the Charged Premises, together with any and all other, further or additional title, estate, interest or right therein or any part thereof which may at any time be acquired by the Chargor in or to the lands and premises demised by the Lease during the term of the Charge, together with the Lease and all right, title and interest of the Chargor in the Lease and all benefit and advantage therefrom for the Chargee including any right or option to purchase or to lease contained therein, to have and to hold for and during the remainder of the term of the Lease, save and except the last day thereof (the "Reversion"), as security for the payment to the Chargee of the Principal Amount and interest on such amounts and all other amounts secured by the Charge including, without limitation, the liabilities and for the performance of all liabilities and obligations secured by the Charge upon the terms set out in the Charge;

(c) the Chargor represents and warrants to the Chargee as follows:

  (i) the Chargor has good leasehold title to the Charged Premises free and clear of any liens, charges and other encumbrances except those specifically approved in writing by the Chargee;

  (ii) the Lease is, at the time of execution and delivery of the Charge in the case of a Form 2 Charge, and at the time of delivery for registration in the case of a ERS Charge, a good, valid and subsisting lease and has not been surrendered or forfeited or become void or voidable and the Chargor has not done or failed to do any act as a result of which the Lease would be rendered invalid or its validity impaired;

  (iii) there have been no modifications to the Lease that have not been provided to the Chargee;

  (iv) the rents, covenants and conditions contained in the Lease have been duly paid, observed and performed by the Chargor up to the date of the Charge;

  (v) the Chargor has a good tight, full power and lawful and absolute authority to demise and sublet the Lease to the Chargee in the manner aforesaid;

(d) the Chargor covenants and agrees with the Chargee as follows:

  (i) the Chargor shall stand possessed of the Reversion in trust for the Chargee to assign and dispose of the Reversion in such manner as the Chargee shall by notice in writing direct (subject to the right of redemption in the Charge) and the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to assign the term of the Lease as the Chargee shall at any time direct.

  (ii) the Chargor, at the request of the Chargee but at the cost, charge and expense of the Chargor, will grant and assign to the Chargee, or to whomever the Chargee may appoint, the Reversion or any renewal or substituted term of the Lease;

  (iii) the Chargee shall pay the rent reserved by and other amounts due under the Lease and shall observe and perform each and every covenant, agreement, condition and proviso contained in the Lease and shall not be guilty of any acts or default which may cause the Lease to be forfeited or determined and the Chargor shall indemnify the Chargee against all actions, claims and demands whatsoever in respect of the rent and covenants or anything relating thereto;

  (iv) the Chargor shall not, during the continuance of the Charge, transfer, assign, sub-lease, surrender or terminate the Lease or any of its rights or interest in the Lease;

  (v) the Chargor shall not, during the continuance of the Charge, enter into any agreement purporting to modify, alter or amend the Lease, without the prior written consent of the Chargee;

  (vi) the Chargor shall not allow any options (to renew or otherwise) or any rights of first refusal under the Lease to lapse and subject to any contrary directions from the Chargee, shall exercise any such options or rights so as to maintain or continue the term of the Lease for the whole of the period during which any debts or liabilities secured by the Charge remain outstanding;

  (vii) any breach or default under the Lease shall be deemed to be a default under the Charge entitling the Chargee to demand repayment of all amounts then secured by the Charge;

  (viii) if the Chargor becomes the owner of the freehold of the lands and premises demised by the Lease the Charge shall increase to be a charge of the freehold interest in the lands and premises demised by the Lease to the same extent and effect as if the Chargor had been the owner of the freehold, free from encumbrances, at the date the Charge took effect. To give effect to the foregoing the Chargor does hereby grant and mortgage the freehold interest in the Charged Premises unto the Chargee, such grant to take effect upon the Chargor acquiring freehold title to the said Charged Premises. The Chargor covenants and agrees to execute and deliver, in the case of a Form 2 Charge or, in the case of an ERS Charge, authorize the delivery for registration, at the Chargor's expense, forthwith on demand therefor, such further and other documents as the Chargee may reasonably require for the purpose of validly giving effect to the foregoing;

  (ix) the Chargor shall immediately notify the Chargee of any notice or advice from the lessor under the Lease of the lessor's intention to terminate the Lease prior to the expiration of the term of the Lease or any other notice or request received from the lessor;

(e) any reference in the Charge to any charges payable in respect of the Charged Premises shall include all taxes, assessments, rates, costs or charges of whatever kind payable by the Chargor under the Lease and if any amounts are paid by the Chargee in respect of amounts owing under the Lease such amounts shall be a charge against the Charged Premises, shall bear interest at the Charge Rate and shall be secured by the Charge;

(f) in the event of any default in any payment of rent or other monies due under the Lease or in performance or observance of any covenant, agreement, condition or proviso contained in the Lease the Chargee shall, at its option but without incurring any liability to do so, be at liberty to pay such rent or to observe or perform such covenant, agreement, condition or proviso, as the case may be, and all money expended by the Chargee in so doing shall be payable forthwith by the Chargor to the Chargee, shall bear interest at the Charge Rate and shall be a charge on the Charged Premises secured by the Charge;

(g) the Chargor hereby irrevocably appoints the Chargee to be the attorney of the Chargor to enforce any covenants of the tenant under the Lease and to exercise any options to renew the Lease in the Chargee's discretion.

14. EXPROPRIATION

It is agreed between the parties to the Charge that if all of the Charged Premises is expropriated, then the outstanding Principal Amount together with all interest thereon under the Charge shall become immediately due and payable. If only part of the Charged Premises is expropriated, then the amount awarded to the Chargor for the partial expropriation shall be paid to the Chargee and credited to the Principal Amount and any interest then outstanding. If, in the opinion of the Chargee, the remainder of the Charged Premises, after the partial expropriation, does not constitute adequate security for the Principal Amount then outstanding, then the Principal Amount or such part thereof as the Chargee may determine shall immediately become due and payable together with all interest thereon.

15. RELEASE

The Chargor by these presents does release, remise, and forever quits claim unto the Chargee, all right, title, interest, claim and demand whatsoever of, unto and out of the Charged Premises and every part thereof, so that the Chargor shall not or may not at any time hereafter have, claim, pretend to, challenge or demand the Charged Premises or any part thereof in any manner howsoever, subject always to the proviso for defeasance.

16. ENTRY AFTER DEFAULT AND POWER OF SALE

Provided that the Chargee on default by the Chargor of payment of the portion of the Principal Amount then outstanding and interest or any part thereof as required by the Charge or in the observing, performing, fulfilling or keeping of one or more of the covenants of the Chargor provided in the Charge may enter into possession of the Charged Premises or the lands and premises intended to be charged and take the rents, issues and profits and, whether in or out of possession, make such lease or leases as it shall think fit, and also on fifteen days' default as aforesaid and after giving at least thirty-five days' written notice to the persons and in the manner prescribed by Part III of the *Mortgages Act*, R.S.O., 1990, c.M.40, as amended (the "Mortgages Act"), may sell the Charged Premises or the lands and premises intended to be charged by the Charge or any part or parts thereof by public auction or private contract, or partly the one and partly the other, and may convey and assure the same when so sold to the purchaser or purchasers thereof, his or their heirs, successors or assigns, or as he or they shall direct and may do all such assurances, acts, matters and things as may be found necessary for the purposes aforesaid, and the Chargee shall not be responsible for any loss which may arise by reason of any such leasing or sale as aforesaid unless the same shall happen by reason of its willful neglect or default. In the event that the giving of such notice shall not be required by law, or to the extent that such requirements shall not be applicable, it is agreed that notice may be effectually given by leaving it with a grown-up person on the Charged Premises, if occupied, or by placing it on some portion of the Charged Premises, if unoccupied, or at the option of the Chargee, by mailing it by registered mail addressed to the Chargor at the Chargor's last known address, and such notice shall be sufficient although not addressed to any person or persons by name or designation and notwithstanding that any person or persons to be affected thereby may be unknown, unascertained or under disability. It is hereby further agreed that the proceeds of sale under the Charge may be applied in payment of any costs, charges and expenses incurred in taking, recovering or keeping possession of the Charged Premises or by reason of non-payment or procuring payment of monies, secured by the Charge or otherwise, and that the Chargee may sell all or any part of the Charged Premises on such terms as to credit and otherwise as shall appear to it most advantageous and for such prices as can reasonably be obtained therefor and may make any stipulation as to title or evidence or commencement of title or otherwise which it shall deem proper, and may buy in or rescind or vary any contract for the sale of the whole or any part of the Charged Premises and resell without being answerable for any loss occasioned thereby, and, in the case of a sale on credit, the Chargee shall be bound to pay the Chargor only such monies as have been actually received from purchasers after the satisfaction of the claims of the Chargee and for any of said purposes may make and execute all agreements and assurances as it shall think fit. Any purchaser or lessee shall not be bound to see to the propriety or regularity of any sale or lease or be affected by express notice that any sale or lease is improper and no want of notice or publication when required hereby shall invalidate any sale or lease under the Charge; and that the title of a purchaser or lessee upon a sale or lease made in professed exercise of the above power shall not be liable to be impeached on the ground that no case had arisen to authorize the exercise of such power or that such power had been improperly or irregularly exercised, or that such notice had not been given in compliance with the Mortgages Act, or had been given improperly, but any person damnified by an unauthorized, improper, or irregular exercise of the power shall have his remedy against the person exercising the power in damages only. The Chargee may sell fixtures, machinery, crops and standing or fallen trees apart from the Charged Premises, and the purchaser as well as the Chargee shall have all necessary access for securing, cutting and removal. It is agreed between the parties to the Charge that nothing in this section contained shall prejudice or diminish any other rights and remedies and powers of the Chargee contained in the Charge or existing at law by virtue thereof.

And it is further agreed between the parties to the Charge that until such sale or sales shall be made as aforesaid, the Chargee shall and will stand possessed of the rents and profits of the Charged Premises in case it shall take possession of them on default as aforesaid and after such sale or sales shall stand possessed of the monies to arise and be produced from such sales, or which might arise from any insurance upon the Charged Premises or any part thereof upon trust firstly in payment of all the expenses incident to the sales, leases, conveyances, or attempted sales, conveyances or leases, secondly in payment of all costs, charges, damages and expenses of the Chargee relating to taxes, rents, insurance, repairs, utilities and any other amounts which the Chargee may have paid relating to the Charged Premises, thirdly in discharge of all interest and costs then due in respect of the Charge, fourthly in discharge of the portion of the Principal Amount then outstanding, fifthly in payment of any subsequent encumbrancers according to their priorities and the residue shall be paid to the Chargor as the Chargor may direct and shall also, in such event, at the request, cost and expense of the Chargor transfer, release and assure unto the Chargor or to such person or persons as the Chargor shall direct and appoint, all such parts of the Charged Premises as shall remain unsold for the purposes aforesaid, discharged from all the Charge, but no person who shall be required to make or execute any such assurances shall be compelled for the making thereof to go or travel from his usual place of abode. Provided always, and it is hereby further declared and agreed by and between the parties to the Charge that, notwithstanding the power of sale and the other powers and provisions contained in the Charge, the Chargee shall have and be entitled to its right of foreclosure of the fee interest or equity of redemption of the Chargor in the Charged Premises as fully and effectually as it might have exercised and enjoyed the same in case the power of sale, and the other former provisos and trusts incident thereto had not been contained in the Charge.

17. DISTRESS

It is further agreed by and between the parties to the Charge that the Chargee may distrain for arrears of interest against the Charged Premises or any part thereof and recover by way of rent reserved as in the case of a demise the arrears of interest and all costs and expenses incurred in such levy or distress and may also distrain for arrears of principal and monthly payments of taxes, if required, in the same manner as if the same were arrears of interest.

18. PRINCIPAL DUE ON DEFAULT

It is hereby further expressly declared and agreed, that if any default shall occur in the payment of interest secured by the Charge, or any part thereof, or in payment of any installment of principal as the same matures or of any instrument, promissory note, bill of exchange or other obligations now or at any time held by the Chargee in respect of or representing or securing the liabilities secured by the Charge or any part thereof, or in the performance of any covenant, proviso or agreement contained in the Charge or if any waste be committed or suffered on the Charged Premises then at the option of the Chargee, the portion of the Principal Amount then outstanding secured by the Charge or intended so to be shall forthwith become due and payable in like manner and with the like consequences and effects as if the time mentioned for payment of the Charge had fully come and expired, subject to any relief afforded to the Chargor at law. The Chargee may, however, waive its right to call in the Principal Amount and shall not be therefore debarred from asserting and exercising its right to call in the Principal Amount upon the happening of any future default or breach.

19. CHARGOR'S QUIET POSSESSION UNTIL DEFAULT

It is agreed that until default in the payment of principal or interest secured by the Charge or intended so to be, or any part of either of the same or in the performance of any of the provisions set forth in the Charge contrary to the true intent and meaning thereof, it shall be lawful for the Chargor peaceably and quietly to have, hold, use, occupy, possess and enjoy the Charged Premises, and receive and take the rents and profits thereof to the Chargor's own use and benefit, without let, suit, hindrance, interruption, or denial by the Chargee, or of or by any other person or persons whomsoever lawfully claiming, or who shall, or may lawfully claim by, from, under or in trust for the Chargee.

20. BUILDINGS, ADVANCES AND COST OF SEARCH

It is the intention of the parties that the building or buildings erected or to be erected on the Charged Premises form part of the security for the full amount secured by the Charge; and that all advances are to be made in such manner at such times and in such amounts up to the Principal Amount as the Chargee in its sole discretion may determine and subject always to the provision to which the Chargor hereby agrees that notwithstanding the execution or registration of the Charge, in the case of a Form 2 Charge or delivery for registration in the case of an ERS Charge, or the advancement of any part of the Principal Amount, the Chargee is not bound to advance the full Principal Amount or any unadvanced portion thereof and the advance of the full Principal Amount or any part thereof from time to time shall be in the sole discretion of the Chargee, but nevertheless the Charge shall, in the case of a Form 2 Charge, take effect forthwith upon the execution of the Charge by the Chargor or, in the case of an ERS Charge, upon the delivery for registration of the Charge and the expenses of the examination of the title and of the Charge and valuation are to be secured by the Charge in the event of the whole or any balance of the Principal Amount not being advanced, the same to be charged by the Charge upon the Charged Premises and shall be without demand thereof, payable forthwith with interest at the Charge Rate and in default the said Chargee's power of sale given by the Charge, and all other remedies under the Charge or at law shall be exercisable.

21. FIXTURES

It is mutually covenanted and agreed by and between the Chargor and the Chargee that all erections and improvements fixed or otherwise now on or after the date of the Charge put upon the Charged Premises, including but without limiting the generality of the foregoing, all fences, heating, piping, plumbing, aerials, air-conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, cleaning and drying equipment, window blinds, radiators and covers, fixed mirrors, fitted blinds, storm windows and storm doors, window screens and screen doors, shutters and awnings, floor coverings, and all apparatus and equipment appurtenant thereto, and all farm machinery and improvements, fixed or otherwise and even though not attached to the lands otherwise than by their own weight, are and shall, in addition to other fixtures thereon, be and become fixtures and form part of the Charged Premises and shall be a portion of the security for the amounts secured by the Charge.

22. PARTIAL RELEASE

Provided that the Chargee may at all times release any part or parts of the Charged Premises or any other security or any surety for payment of all or any part of the amounts secured by the Charge or may release the Chargor or any other person from any covenant or other liability to pay the said amounts or any part thereof, either with or without any consideration therefor, and without being accountable for the value thereof or for any amounts except those actually received by the Chargee and without thereby releasing any other part of the Charged Premises, or any other securities or covenants contained in the Charge, it being especially agreed that notwithstanding any such release the Charged Premises, securities and covenants remaining unreleased shall stand charged with the whole of the amounts secured by the Charge.

23. DEFAULT IN PRIOR CHARGES

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in any mortgage, charge, lien or encumbrance to which the Charge is subject or subordinate, then and in that event the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided.

24. DEFAULT IN COLLATERAL AGREEMENTS

It is agreed by and between the Chargor and the Chargee that should default be made by the Chargor in the observance or performance of any of the covenants, provisos, agreements or conditions contained in or arising from any agreement, instrument, certificate or otherwise or dealings between the Chargee and the Chargor, then and in that event, the amounts secured by the Charge shall forthwith become due and be payable, at the option of the Chargee, and all the powers in and by the Charge conferred shall become exercisable, and the powers of sale contained in the Charge may be exercised as herein provided, and vice versa.

25. LIENS AND CONSTRUCTION

Provided also that upon the registration of any lien against the Charged Premises, or in the event of any buildings being erected thereon being allowed to remain unfinished or without any work being done on them for a period of ten (10) days, the portion of the Principal Amount then outstanding and interest and all other amounts secured by the Charge shall, at the option of the Chargee, forthwith become due and payable. In the event that a construction lien is registered against title to the Charged Premises the Chargee shall have the right, but not the obligation, to pay such amounts as may be required to remove such lien from title to the Charged Premises. Any amounts so paid by the Chargee, together with all costs, charges, and expenses incurred by the Chargee in connection therewith, including all solicitor's charges or commission, as between a solicitor and his or her client, shall be added to the principal amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

26. WASTE, VACANCY, REPAIR AND BUILDING COMPLETION

The Chargor covenants and agrees with the Chargee that the Chargor will not permit waste to be committed or suffered on the Charged Premises and that the Chargor will maintain the buildings or other improvements on the Charged Premises in good order and repair to the satisfaction of the Chargee and will not permit or suffer them to become or remain vacant and the Chargee may, but shall not be obliged to, make such repairs, improvements and alterations as it may deem necessary or complete the construction or reconstruction of any building on the Charged Premises, and the cost of repair, construction or reconstruction shall be added to the amount secured by the Charge and shall bear interest at the Charge Rate and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

27. INSPECTION

The Chargee through itself or its agent or employees may, at any time, enter upon the Charged Premises to inspect the Charged Premises and the reasonable cost of such inspection shall be added to the Principal Amount secured by the Charge and shall bear interest at the Charge Rate, and shall, with such interest, be a charge on the Charged Premises prior to all claims thereon subsequent to the Charge and shall be payable forthwith on demand.

28. ALTERATIONS

The Chargor covenants and agrees with the Chargee that the Chargor will not make or permit to be made any alterations or additions to the Charged Premises without the prior written consent of the Chargee.

29. NON-MERGER

Provided and it is agreed, that the taking of a judgment or judgments on any of the covenants contained in the Charge shall not operate as a merger of the said covenant nor affect the Chargee's right to interest at the rate and times provided in the Charge; and further that said judgment shall provide that interest thereon shall be computed at the Charge Rate and in the same manner as provided in the Charge until the said judgment shall have been fully paid and satisfied.

30. RIGHTS ON DEFAULT

The Chargor covenants and agrees with the Chargee that in the event of default in the payment of any installment of principal, interest or taxes secured by the Charge or any other amounts payable under the Charge by the Chargor or on breach of any covenant, proviso or agreement in the Charge after all or any part of the amounts secured by the Charge have been advanced, the Chargee may at such time or times as it may deem necessary and without the concurrence of any other person enter upon the Charged Premises and may make such arrangements for completing the construction of, repairing or putting in order any buildings or other improvements on the Charged Premises, or for inspecting, taking care of, leasing, collecting the rents of, and managing generally the Charged Premises as it may deem expedient, and all reasonable costs, charges and expenses including allowances for the time and service of any employee of the Chargee or other person appointed for the above purposes shall be forthwith payable to the Chargee, and shall be a charge upon the Charged Premises and shall bear interest at the Charge Rate until paid.

31. OBLIGATIONS SURVIVE SALE

Provided that no sale or other dealing by the Chargor with the Charged Premises or any part thereof shall in any way change the liability of the Chargor or in any way alter the rights of the Chargee as against the Chargor or any other person liable for payment of the amounts secured by the Charge.

32. DUE ON SALE

Provided that in the event of

(a) the Chargor selling, conveying, transferring, or entering into any agreement of sale or transfer of the title of the Charged Premises to a purchaser, grantee or transferee not approved in writing by the Chargee; or

(b) if such a purchaser, grantee or transferee should fail to (a) apply for and receive the Chargee's written approval as aforesaid, (b) personally assume all the obligations of the Chargor under the Charge, and (c) execute an assumption agreement in the form required by the Chargee,

then, at the option of the Chargee, all amounts secured by the Charge with accrued interest thereon shall forthwith become due and payable.

33. PORTABILITY

Unless otherwise specified in the Commitment between the Chargor and Chargee, this Charge shall have no portability option.

34. PRIOR ENCUMBRANCES

It is further stipulated, provided and agreed, that the Chargee may pay the amount of any encumbrance, lien or charge now or after the date of the Charge existing, or to arise or to be claimed upon the Charged Premises having priority over the Charge, including any taxes, utility charges or other rates on the Charged Premises or any of them, any construction lien or any amounts payable to the Condominium Corporation, and may pay all costs, charges and expenses and all solicitors' charges or commissions, as between a solicitor and its client, which may be incurred in taking, recovering and keeping possession of the Charged Premises and generally in any proceedings or steps of any nature whatever properly taken in connection with the Charge or to realize the security of the Charge, or to defend the validity or priority of the Charge as against a third party, or in respect of the collection of any overdue interest, principal, insurance premiums or any other monies whatsoever payable by the Chargor under the Charge whether any action or any judicial proceedings to enforce such payments has been taken or not, and the amount so paid and insurance premiums for fire or other risks or hazards and any other amounts paid the Charge by the Chargee shall be added to the amount secured by the Charge and be a charge on the Charged Premises and shall bear interest at the Charge Rate, and shall be payable forthwith by the Chargor to the Chargee, and the non-payment of such amount shall be a default of payment within the meaning of those words in Section 16 and shall entitle the Chargee to exercise the power of sale and all other remedies given under the Charge. In the event of the Chargee paying the amount of any such encumbrance, lien or charge, taxes or rates, either out of the amounts advanced on the security or otherwise, it shall be entitled to all the rights, equities and securities of the person or persons, company, corporation, or government so paid off, and is authorized to retain any discharge thereof, without registration, for a longer period than six months if it thinks proper to do so.

35. SUBSEQUENT ENCUMBRANCES

The Chargor covenants and agrees with the Chargee that, for the duration of the Charge, the Chargor shall not make or permit to be made any registration on title to the Charged Premises subsequent to the Charge that could reasonably be considered to constitute an encumbrance, lien, mortgage, charge or security interest, without the prior written consent of the Chargee.

36. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Chargee incurs any cost or expense of any nature or kind in any way arising from or relating to the *Ontario New Homes Warranties Plan Act,* R.S.O. 1990, c.0.31, as amended (the "ONHWPA"), including, without any limitation whatsoever, any cost or expense relating to registration as a vendor under the ONHWPA or enrolling the Charged Premises or entering into any agreement or agreements relating to performance of warranty obligations or performing any warranty obligations, all such cost and expense shall be added to the amounts secured by the Charge and be a charge on the Charged Premises in priority to all other encumbrances registered or arising subsequent to the Charge and shall bear interest at the Charge Rate and shall be payable forthwith by the Chargor to the Chargee.

37. PROHIBITION AGAINST RENTAL

If the Charged Premises are or are intended to be used as residential premises then the following provisions shall apply:

(a) the Chargor represents, warrants, covenants and agrees that no part of the Charged Premises are rented or occupied by a Tenant and further covenants and agrees not to permit the Renting of the Charged Premises without first obtaining the consent in writing of the Chargee which consent may be refused at the sole discretion of the Chargee; further the Chargor covenants and agrees not to enter into any negotiations with respect to Renting without the consent in writing of the Chargee, which consent may be refused, restricted or made conditional at the sole discretion of the Chargee; if a restricted or conditional consent to Renting or negotiations relating to Renting is given, the Chargor covenants and agrees to abide by such restrictions or conditions;

(b) the Renting of the whole or any part of the Charged Premises without the written consent of the Chargee shall be deemed to have been done with the object of discouraging the Chargee from taking possession of the Charged Premises on default or adversely affecting the value of the Chargee's interest in the Charged Premises within the meaning of Section 52(1) of the Mortgages Act;

(c) in the event that any of the covenants contained in this section shall be breached then, at the option of the Chargee, all monies secured by the Charge with accrued interest thereon shall forthwith become due and payable;

(d) if the whole or any part of the Charged Premises are rented to a Tenant with or without the consent of the Chargee, at such time as the Chargee is entitled to enforce its rights under the Charge by reason of default of the Chargor, the Chargee may, at its discretion, pay to any Tenant a sum of money, in such amount as it considers advisable, as consideration for obtaining the cooperation of such Tenant in selling the Charged Premises, showing the Charged Premises and obtaining possession from the Tenant or for any one or more of the above. It is recognized that the payment of such amount will be a cost of realization on the Charge and the amount so paid shall be added to the amount secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the Charge Rate and shall have priority over all encumbrances subsequent to the Charge and shall be payable forthwith by the Chargor to the Chargee; the Chargor appoints the Chargee to be its true and lawful attorney and agent to enforce all the terms of any tenancy agreement entered into by the Chargor with respect to all or any part of the Charged Premises and to cancel or terminate any such tenancy agreement and in this connection to make, sign and execute any and all documents in the name of the Chargor which it, as Chargee, may consider desirable;

(e) in this section, "Tenant" shall have the meaning set out in Section 1 of the Tenant Protection Act, S.O., 1997, ch.24, as maybe amended from time to time.

38. COVENANTOR OR GUARANTOR

If a party is named as a covenantor or guarantor in the Charge or a schedule thereto (the "Covenantor"), the Chargor and the Covenantor acknowledge that it is a condition of the making of advances under the Charge that the covenant contained in this section 38 be entered into by the Covenantor. The Covenantor further acknowledges that the consideration for the guarantee contained in this Section 38 is the making of advances under the Charge.

The Covenantor on behalf of himself, his executors, administrators, successors and assigns, in consideration of the advance in whole or in part of the Principal Amount does hereby covenant, promise and agree as principal debtor and not as surety to and with the Chargee that the Covenantor will well and truly pay, or cause to be paid unto the Chargee the Principal Amount and all other amounts secured by the Charge, together with interest upon the same, at the days and times, and in the manner agreed to in the Charge or any amendments, renewals, variations or extensions thereof and shall and will in everything, well and truly do, observe, fulfill and keep any and all covenants, provisos, conditions, agreements and stipulations in the Charge according to the true intent and meaning thereof, and shall and will abide by and submit to and do hereby agree to all conditions, provisos and stipulations in the Charge on the part of the Chargor, and these covenants shall be binding notwithstanding the giving of time for payment of the Charge or the varying of terms of payment thereof or the rate of interest thereon, and if there are more than one Covenantor shall bind them jointly as well as severally and shall continue to subsist notwithstanding the death of one or more of such Covenantor.

Each Covenantor further covenants and agrees that without giving notice to or obtaining the consent or concurrence of any guarantor, the Chargee may:

(a) grant any time, indulgences, waivers or extensions of time for payment or performance of any of the obligations under the Charge;

(b) grant any renewals or extensions of the Charge, with or without a change in the rate of interest or in any other terms or conditions of the Charge and whether by express agreement signed by the Chargor or otherwise (including, without limitation, by way of an automatic renewal or extension);

(c) change Charge Rate, whether during the initial term thereof or in any subsequent extension or renewal term, whether by way of increase, decrease, change in the reference rate by which such Charge Rate is calculated or determined, change from a Fixed Rate Mortgage to a Variable Rate Mortgage or from a Variable Rate Mortgage to a Fixed Rate Mortgage, or otherwise;

(d) shorten or lengthen the amortization period of the Charge;

(e) otherwise amend, supplement, modify, vary or otherwise change any of the terms or conditions of the Charge in any manner whatever;

(f) release or discharge from the mortgage or charge constituted by the Charge the whole or any part of the Charged Premises;

(g) advance additional Principal Amounts to the Chargor pursuant to any provision of the Charge that permits the Chargor to borrow such additional Principal Amounts from the Chargee;

(h) permit the Chargor to prepay the Principal Amount in whole or in part or to skip one or more schedules instalments of principal and interest or to pay more than one such schedules instalment on a scheduled payment date under the Charge, whether pursuant to a provision of the Charge that permits such prepayment, skipping or multiple payments or otherwise;

(i) accept compositions, compromises or proposals from the Chargor or otherwise deal with the Chargor or any other person, any security (including, without limitation, the Charge) or the Charged Premises or any security as the Chargee sees fit including, without limitation, realizing on, releasing, accepting substitutions for or replacing any of the security for the Charge;

(j) release or discharge any Covenantor or one or more other co-covenantors or guarantors or Chargors in respect of the Charge; or

(k) release any subsequent legal or beneficial owner of the Charged Premises from any liability for the obligations under the Charge or refrain from requiring any such owner to assume any such liability;

and none of the foregoing actions shall in any way lessen, limit or otherwise affect the obligations or liability of any Covenantor hereunder, regardless of whether any such action has the effect of amending or varying this Charge or increasing, expanding or otherwise altering the nature, effect, term, extent or scope of the liabilities and obligations thereunder. The liability of each Covenantor hereunder shall extend to and include the liabilities and obligations of the Chargor under the Charge, as so amended, renewed, extended or varied and the Charge as so increased, expanded or altered without further action on the part of the Chargee or the consent or concurrence of any Covenantor; and for greater certainty and without limiting the foregoing, if the Charge Rate is increased or otherwise altered, the liability of each Covenantor hereunder shall be extended to and include the obligation of the Chargor to pay interest at such increased or altered Charge Rate.

39. EXTENSIONS

No extension of time given by the Chargee to the Chargor, or anyone claiming under the Chargor or any other dealing with the owner of the Charged Premises, shall in any way affect or prejudice the rights of the Chargee against the Chargor, the Covenantor or any other person liable for the payment of the monies secured by the Charge.

40. BONUS ON DEFAULT

On default of payment of any of the amounts secured by the Charge or payable under the Charge, the Chargee shall be entitled to require payment, in addition to all other amounts secured by the Charge or payable under the Charge, of a bonus equal to three months' interest in advance at the Charge Rate upon the principal amount secured by the Charge at such time, and the Chargor shall not be entitled to require a discharge of the Charge without such payment or notice in lieu thereof as required by law.

41. DISCHARGE

The Chargee shall have a reasonable time after payment in full of the amounts secured by the Charge within which to prepare, execute and deliver in the case of a Form 2 Charge or prepare and deliver for registration in the case of an ERS Charge, as the case may be, a discharge or, if requested, and if required by law to do so, an assignment of the Charge, and interest as aforesaid shall continue to run and accrue until actual payment in full has been received by the Chargee and all legal and other expenses for the preparation, execution and registration, as applicable of such discharge and assignment shall be borne by the Chargor.

42. OTHER SECURITY

The Charge is in addition to and not in substitution for any other security held by the Chargee including any promissory note or notes for all or any part of the monies secured under the Charge, and it is understood and agreed that the Chargee may pursue its remedies thereunder or under the Charge concurrently or successively at its option. Any judgment or recovery under the Charge or under any other security held by the Chargee for the monies secured by the Charge shall not affect the right of the Chargee to realize upon the Charge or any other such security.

43. PLACE OF PAYMENT

Provided that all such payments secured by the Charge shall be made at the branch of the Chargee designated in the Charge, or at such other place as the Chargee may designate in writing to the Chargor, in lawful money of Canada.

44. SPOUSE'S CONSENT

The spouse of the Chargor so named in the Charge hereby consents to the transaction evidenced by the Charge and releases all interest in the Charged Premises to the extent necessary to give effect to the rights of the Chargee under the Charge, and agrees that the Chargee may, without further notice, deal with the Charged Premises and the debt created by the Charge as the Chargee may see fit.

45. FAMILY LAW ACT

The Chargor covenants and agrees that

(a) the Chargor or the owner from time to time of the Charged Premises will advise and keep advised the Chargee as to whether the Chargor or the owner from time to time is a spouse as defined in the *Family Law Act*, R.S.O. 1990, c. F.3, as amended (the "Family Law Act"), and if so, the name of the Chargor's spouse, and of any change in the Chargor's spousal status or in the status of the Charged Premises as a matrimonial home within the meaning of the Family Law Act, and

(b) forthwith on request the Chargor will furnish the Chargee with such evidence in connection with any of the matters referred to in paragraph 45(a) as the Chargee may from time to time require, including, without limitation, the Chargor's and the Chargor's spouse's name, address and birth date and the Chargor's and the Chargor's spouse's authorization to the Registrar under the *Vital Statistics Act*, R.S.O. 1990, c.V.4, as amended, to provide the Chargee from time to time on request all information in the Chargor's possession relative to any marriage, divorce or death of the Chargor or the Chargor's spouse,

and on default, then all amounts secured by the Charge, together with accrued interest thereon shall, at the option of the Chargee, forthwith become due and payable.

46. SEVERABILITY OF ANY INVALID PROVISIONS

It is agreed that in the event that at any time any provision of the Charge is illegal or invalid under or inconsistent with the provisions of any applicable statute, regulation thereunder or other applicable law or would by reason of the provisions of any such statute, regulation or other applicable law render the Chargee unable to collect the amount of any loss sustained by it as a result of making the loan secured by the Charge which it would otherwise be able to collect under such statute, regulation or other applicable law then such provision shall not apply and shall be construed so as not to apply to the extent that it is so illegal, invalid or inconsistent or would so render the Chargee unable to collect the amount of any such loss.

47. NO PREJUDICE FROM FAILURE TO ENFORCE RIGHTS

Provided that no failure to enforce at any time or from time to time any of the rights of the Chargee under the Charge shall prejudice such rights or any other rights of the Chargee; no performance or payment by the Chargee in respect of any breach or default under the Charge of the Chargor shall relieve the Chargor from any default under the Charge; and no waiver at any time or from time to time of any such rights of the Chargee shall prejudice such rights in the event of any future default or breach.

48. FARMLANDS

If the Charged Premises are farm lands, the Chargor will in each year during the term either put into crop or summer fallow in good, proper and husbandlike manner every portion of the Charged Premises which has been or may after the date of the Charge be brought under cultivation, and will keep the Charged Premises clean and free from all noxious weeds and generally see that the Charged Premises do not depreciate in any way.

49. CHANGE OF CORPORATE CONTROL

Where the Chargor is a corporation the Chargor covenants and agrees that in the event that:

(a) the Chargor fails to supply to Chargee, in a form satisfactory to the Chargee, such information relating to the ownership of its shares as the Chargee may from time to time require; or

(b) without the written consent of the Chargee first had and obtained,

- (i) the Chargor issues or redeems any of its shares or transfers any of its shares,
- (ii) there is a sale or sales of the shares of the Chargor which result in the transfer of the legal or beneficial interest of any of the shares of the Chargor, or
- (iii) the Chargor amalgamates, merges or consolidates with any other corporation,

and the result of any of the foregoing is a change in the effective control of the majority of the voting shares of the Chargor, then all monies secured by the Charge together with accrued interest thereon shall forthwith become due and payable at the option of the Chargee and the Chargee's powers of sale given by the Charge and all other remedies for enforcement shall be exercisable.

50. COMPLIANCE WITH THE LAW AND ENVIRONMENTAL COMPLIANCE

The Chargor hereby represents and warrants to the Chargee that:

(a) there is not in, on or about the Charged Premises any product or substance or condition (including, without restriction, contaminants, wastes, moulds or hazardous or toxic materials), equipment or anything else which contravenes any statute, regulation, by-law, order, direction or equivalent relating to the protection of the environment or which is not being dealt with according to best recognized practices relating to the environment;

(b) to the best of the knowledge of the Chargor, no circumstance has existed on the Charged Premises or exists or has existed on any land adjacent to the Charged Premises which constitutes or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment;

(c) no claim or notice of any action, investigation or proceeding of any kind has been threatened, made or issued or is pending relating to an environmental condition on the Charged Premises; and

(d) the Charged Premises are being used in compliance with all statutes, regulations, orders, by-laws, directions and equivalent relating to the protection of the environment.

The Charger hereby covenants and agrees with the Chargee as follows:

(e) the Chargor shall give to the Chargee immediate notice of any material change in circumstances in respect of the Charged Premises or adjacent land which would cause any of the representations and warranties contained in the immediately preceding paragraphs (a) to (d) inclusive to become untrue; and

(d) the Chargor shall not permit or create, and shall not allow anyone else to permit or create, any circumstance on the Charged Premises which would constitute or could reasonably constitute a contravention of any statute, regulation, order, by-law, direction or equivalent relating to the protection of the environment.

The Chargor further covenants and agree with the Chargee at all times promptly to observe, perform, execute and comply with all applicable laws, rules requirements, orders, directions, by-laws, ordinances, work orders, regulations and equivalent of every government authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped area, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety, and all private covenants and restrictions affecting the Charged Premises or any portion thereof and the Chargor will from time to time, upon request of the Chargee, provide to the Chargee evidence of such observance and compliance, and pay immediately when due the cost of removal of such contaminants, wastes and materials, and shall at its own expense make any and all improvements thereon or alterations to the Charged Premises structural or otherwise and shall take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order, regulation, covenant or equivalent; and the Chargor shall cause its tenants, agents and invitees to comply with all of the foregoing at their own expense.

51. CONDOMINIUMS

If the Charge is of a unit within a plan of condominium the following provisions shall apply:

(a) the Chargor covenants and agrees at all times and from time to time to observe and perform all duties and obligations imposed on the Chargor by the Condominium Act and by the Declaration, the by-laws and the rules, as amended from time to time, of the Condominium Corporation, by virtue of the Chargor's ownership of the Charged Premises. Any breach of the said duties and obligations shall constitute a breach of covenant under the Charge

(b) without limiting the generality of the foregoing, the Chargor covenants and agrees that the Chargor will pay promptly when due any contributions to common expenses required of the Chargor as the owner of the Charged Premises and in the event of the Chargor's default in doing so the Chargee, at its option, may pay the same and the amount so paid shall be added to the debt secured by the Charge and shall be a charge on the Charged Premises and shall bear interest at the same rate from the time of such payments and shall be payable forthwith by the Chargor to the Chargee whether or not any payment in default has priority to the Charge or any part of the monies secured thereby.

(c) the Chargor by the Charge irrevocably authorizes and empowers the Chargee to exercise the right of the Chargor as an owner of the Charged Premises to vote or to consent in all matters relating to the affairs of the Condominium Corporation provided that:

- (i) the Chargee may at any time or from time to time give notice in writing to the Chargor and the said Condominium Corporation that the Chargee does not intend to exercise the said right to vote or consent and in that event until the Chargee revokes the said notice the Chargor may exercise the right to vote. Any such notice may be for an indeterminate period of time or for a limited period of time or for a specific meeting or matter.
- (ii) the Chargee shall not by virtue of the assignment to the Chargee of the right to vote or consent be under any obligation to vote or consent or to protect the interests of the Chargor.
- (iii) the exercise of the right to vote or consent shall not constitute the Chargee a chargee in possession.

52. RENEWAL OR EXTENSION

Provided that the Charge may be renewed or extended by an agreement in writing at maturity for any term with or without an increased rate of interest notwithstanding that there may be subsequent encumbrancers, and it shall not be necessary to register any such agreement in order to retain priority for the Charge so altered over any instrument registered subsequently to the Charge. Provided that nothing contained in this paragraph shall confer any right of renewal or extension upon the Chargor. The Chargor and the Covenantor, if applicable, agree that in the event that the renewal agreement provided to the Chargor is not signed and returned to the Chargee on or before the maturity date, the Charge, at the Chargee's option, will be automatically renewed on the terms set out in the renewal agreement.

53. RECEIVERSHIP

Notwithstanding anything contained in the Charge, it is declared and agreed that any time and from time to time when there shall be default under the provisions of the Charge, the Chargee may, at such time and from time to time and with or without entry into possession of the Charged Premises, or any part thereof, by instrument in writing appoint any person, whether an officer or officers or an employee or employees of the Chargee or not, to be a receiver (which term as used herein includes a receiver manager and also includes the plural as well as the singular) of the Charged Premises, or any part thereof, and of the rents and profits thereof, and with or without security, and may from time to time by similar writing remove any receiver and appoint another instead of such receiver, and that, in making any such appointment or removal, the Chargee shall be deemed to be acting as the agent or attorney for the Chargor, hut no such appointment shall be revocable by the Chargor. Upon the appointment of any such receiver from time to time the following provisions shall apply:

(a) every such receiver shall have unlimited access to the Charged Premises as agent and attorney for the Chargor (which right of access shall not be revocable by the Chargor) and shall have full power and unlimited authority (which power and authority shall not be revocable by the Chargor) to:

- (i) collect the rents and profits from tenancies whether created before or after the Charge;
- (ii) rent any portion of the Charged Premises which maybe or become vacant on such terms and conditions as the receiver considers advisable and enter into and execute leases, accept surrenders and terminate leases;
- (iii) complete the construction of any building or buildings or other erections or improvements on the Charged Premises left by the Chargor in an unfinished state or award the same to others to complete and purchase, repair and maintain any personal property including, without limitation, appliances and equipment, necessary or desirable to render the premises operable or rentable, and take possession of and use or permit others to use all or any part of the Chargor's materials, supplies, plans, tools, equipment (including appliances) and property of every kind and description; and
- (iv) manage, operate, repair, alter or extend the Charged Premises or any part thereof.

The Chargor undertakes to ratify and confirm whatever any such receiver may do in the Charged Premises.

(b) the Chargee may at its discretion vest the receiver with all or any of the rights and powers of the Chargee.

(c) the Chargee may fix the reasonable remuneration of the receiver who shall be entitled to deduct the same out of the revenue or the sale proceeds of the Charged Premises.

(d) every such receiver shall be deemed to be the agent or attorney of the Chargor and, in no event, the agent of the Chargee and the Chargee shall not be responsible for the receiver's acts or omissions.

(e) the appointment of any such receiver by the Chargee shall not result in or create any liability or obligation on the part of the Chargee to the receiver or to the Chargor or to any other person and no appointment or removal of a receiver and no actions of a receiver shall constitute the Chargee a chargee in possession of the Charged Premises.

(f) no such receiver shall be liable to the Chargor to account for monies other than monies actually received by the receiver in respect of the Charged Premises, or any part thereof, and out of such monies so received every such receiver shall, in the following order, pay:

- (i) the receiver's remuneration aforesaid;
- (ii) all costs and expenses of every nature and kind incurred by the receiver in connection with the exercise of the receiver's powers and authority hereby conferred;
- (iii) interest, principal and other money which may, from time to time, be or become charged upon the Charged Premises in priority to the Charge, including taxes;
- (iv) to the Chargee all interest, principal and other monies due under the Charge to be paid in such order as the Chargee in its discretion shall determine;
- (v) and thereafter, every such receiver shall be accountable to the Chargor for any surplus.

The remuneration and expenses of the receiver shall be paid by the Chargor on demand and shall be a charge on the Charged Premises and shall bear interest from the date of demand at the Charge Rate.

(g) save as to claims for accounting under clause (f) of this paragraph, the Chargor hereby releases and discharges any such receiver from every claim of every nature, whether sounding in damages or not, which may arise or be caused to the Chargor or any person claiming through or under the Chargor by reason or as a result of anything done by such receiver unless such claim be the direct and proximate result of dishonesty or fraud.

(h) the Chargee may, at any time and from time to time, terminate any such receivership by notice in writing to the Chargor and to any such receiver.

(i) the statutory declaration of an officer of the Chargee as to default under the provisions of this Charge and as to the due appointment of the receiver pursuant to these terms shall be sufficient proof thereof for the purposes of any person dealing with a receiver who is ostensibly exercising powers in the Charge provided for and such dealing shall be deemed, as regards such person, to be valid and effectual.

(j) the rights and powers conferred in and by the Charge in respect of the receiver are supplemental to and not in substitution of any other rights and powers which the Chargee may have.

54. CHARGEE EXPENSES

The Chargor agrees to pay the reasonable and necessary costs, charges and expenses of and incidental to the Charge, and to any and all other documents required in connection therewith, and of any amendment, extension, variation or renewal thereof, and of anything done in connection with the enforcement of the security granted thereby or the procuring of the payment of any amount payable under the Charge including, without limiting the generality of the foregoing, all solicitors' fees on a solicitor and client basis, costs and expenses of examination of title, and the obtaining of the opinion of counsel for the Chargee thereon and all costs and expenses valuing the Charged Premises in connection with the foregoing and of anything done in connection with defending the validity or priority of the Charge as against third parties. The Chargor further agrees that such amounts shall be paid forthwith upon demand and until paid shall bear interest at the Charge Rate and shall be a charge on the Charged Premises.

55. FURTHER ASSURANCES

The Chargor shall at any time and from time to time make, execute and deliver or cause to be made, executed and delivered to the Chargee, such further and other reasonable acts, deeds, conveyances and assurances as may be required by the Chargee to fully and effectually carry out the true intention and meaning of the Charge and the provisions included in the Charge, and the reasonable costs thereof shall be for the account of the Chargor. Further, the Chargor shall at any time and from time to time provide to the Chargee, upon request, and in a form acceptable to the Chargee, such further information and documentation as the Chargee may require regarding the Chargor's business and/or financial status.

56. INTERPRETATION

It is hereby agreed and declared that the expression "the Chargor" used in the Charge shall include the heirs, personal representatives, executors, administrators, successors and assigns of the Chargor and the expression "the Chargee" shall include the successors and assigns of the Chargee and the words in the singular include the plural and words in the plural include the singular and words importing the masculine gender include the feminine and neuter genders where the context so requires and that all covenants, liabilities, and obligations entered into or imposed under the Charge upon each Chargor shall be equally binding upon his, her, its or their respective heirs, executors, personal representatives, administrators, successors and assigns and that all such covenants, liabilities, advantages, privileges, immunities, powers and things secured to the Chargee shall be equally secured to and exercisable by its successors and assigns; and if the Chargor is comprised of more than one person, all covenants by the Chargor contained in the Charge or implied are and are to be construed as both joint and several.

57. CONFLICT

In the event of any conflict or inconsistency between the terms and provisions of these standard charge terms and the terms and provisions of the registered Charge or any commitment letter issued by the Chargee and accepted by the Chargor (the "Commitment"), the terms and provisions of the registered Charge and Commitment shall prevail.

58. ASSIGNMENT AND SYNDICATION/INFORMATION

The Chargee shall, at any and all times and from time to time, have the right to assign all or any part of its right, title and interest in and to the Charge to a third party or parties (individually and collectively, the "Assignee") without the necessity of obtaining the consent of or providing notice to the Chargor or any Covenantor. The Chargor and any Covenantor hereby acknowledge that the Chargee has the unfettered right to syndicate the Chargor's loan to the Assignee and also acknowledge and consent to the Chargee sharing with the Assignee such information concerning the Chargor's and Covenantor's financial position and other personal information as the Chargee may possess in its files.

THE CHARGEE AND ANY COVENANTOR CONSENT TO (i) THE COLLECTION AND USE BY THE CHARGEE OF THE PERSONAL INFORMATION PROVIDED BY THE CHARGEE AND COVENANTOR, OR OTHERWISE, RELATING TO OR IN CONNECTION WITH THIS CHARGE; (ii) ANY DISCLOSURE OF SUCH INFORMATION TO ANY THIRD PARTY IN CONNECTION WITH THE ASSIGNMENT OF THIS CHARGE; AND (iii) ANY FURTHER SUBSEQUENT COLLECTION, USE OR DISCLOSURE OF SUCH INFORMATION BY SUCH THIRD PARTY AND ANY OF ITS AGENTS OR ASSIGNEES FOR THE PURPOSE OF ADMINISTERING OR OTHERWISE DEALING WITH THIS CHARGE.

59. PARAGRAPH HEADINGS

The paragraph headings in these standard charge terms are inserted for convenience of reference only and are deemed not to form part of the Charge and are not to be considered in the construction or interpretation of the Charge or any part thereof.

60. DATE OF CHARGE

The Charge shall be deemed to be dated, if the Charge is an ERS Charge, as of the date of delivery for registration of the ERS Charge and, if the Charge is a Form 2 Charge, as of the date of signature of the first named Chargor unless, in either case, as otherwise specifically provided.

61. EFFECT OF DELIVERY OF ERS CHARGE

The delivery of an ERS Charge for registration by direct electronic transfer shall have the same effect for all purposes as if the ERS Charge was in a written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor, and any other party to the Charge agrees not to raise in any proceedings by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the ERS Charge for registration to do so.

DATED the 25 day of September, 2003.

ST. WILLIBRORD COMMUNITY
CREDIT UNION LIMITED
by their solicitors
Harrison Pensa LLP

Per: ____________________

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STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. ....200316.... Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200317 Cote
Filing Date December 17 2003 Date de Dépôt
Page 1 of/de 12 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT, 1990 R.S.O. 1990 c.L. 4
SET OF STANDARD CHARGE TERMS

Filing Date:
Filing Number:
Filed by: Lloyds Far East (BVI) Limited

The following set of standard charge terms shall be deemed to be included in every Charge in which the set is referred to by its filing number, as provided in Section 9 of the Act, irrespective of whether the Charge is registered using a paper based system of registration ("Paper Charge") or if it is registered electronically pursuant to the Act ("Electronic Charge")

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DEFINITIONS

1. In this set of standard charge terms, the following terms used herein shall have the following meanings:

(a) "Act" - the Land Registration Reform Act, R.S.O. 1990 c.L.4, as amended or replaced from time to time;

(b) "Business Day" - any day on which the office of the Chargee is open for business in Hong Kong;

(c) "Charge" – means: (i) in the case of a Paper Charge, the Charge/Mortgage of land in which this set of standard charge terms is deemed to be included pursuant to the Act and includes any Schedules attached to it, any renewals and amendments thereto; (ii) in the case of an Electronic Charge, the Chargor's Acknowledgment and Direction, the Mortgage/Charge electronic form and all computer fields as completed in which this set of standard charge terms is deemed to be included pursuant to the Act and includes any Schedules attached to it, any renewals and amendments thereto; (iii) and in both cases, this set of standard charge terms; and (iv) the expressions "hereof", "herein", "hereto", "hereunder" and similar expressions refer to the Charge and not to any particular paragraph or other portion thereof;

(d) "Chargee" - – means: (i) in the case of a Paper Charge, the party identified in Box 14 on Page 1 of the Charge; (ii) in the case of an Electronic Charge, the party shown in the Chargor's Acknowledgment and Direction in the computer field entitled "Chargee's Name"; and (iii) in both cases, includes any person to whom the Chargee transfers this Charge;

(e) "Chargor" - means each party who signs the Charge as Chargor, and the Chargor's heirs, executors, administrators, successors and assigns;

(f) "Chargor's Acknowledgment and Direction" means a form signed by the Chargor that confirms: (i) the Chargor's obligation to be bound by the terms of the Charge; and (ii) the Chargor's instructions for electronic registration, among other things;

(g) "Chargor's Mailing Address" - the address for service shown in the Charge or the most recent postal address provided in a written notice given by the Chargor to the Chargee;

(h) "Chargee's Mailing Address" - the address for service shown in the Charge or the most recent postal address provided in a written notice given by the Chargee to the Chargor;

(i) "Common Expenses" - the expenses of the performance of the objects and duties of the Condominium Corporation and any expenses specified as common expenses in the Condominium Act or the Declaration;

(j) "Condominium Act" - the Condominium Act, R.S.O. 1990 c. C. 26, as amended or replaced from time to time;

(k) "Condominium Corporation" - the Condominium Corporation created by the registration under the Condominium Act of a declaration if the Property forms part of the lands described in the description registered together with such declaration;

(l) "Costs" - all amounts of every nature and kind (including costs, expenses and taxes) pursuant to the provisions of the Charge and the Standard Charge Terms, the Chargor is required to pay to the Chargee, other than the Principal Amount and interest;

(m)"Court" - a Court or judge having jurisdiction in any matter arising out of the Charge;

(n) "Declaration" - the declaration which, together with a description, was registered pursuant to the Condominium Act to create the Condominium Corporation, as amended or replaced from time to time;

(o) "Guarantor" - each party who signs the Charge as guarantor and its heirs, executors, administrators, successors and assigns;

(p) "Improvement" - the meaning ascribed thereto in paragraph 16 of this set of Standard Charge Terms;

(q)"Indemnity" - the indemnity agreement delivered by the Chargor to the Chargee whereby the Chargor agrees to indemnify the Chargee with respect to certain indebtedness and obligations of the Chargee to Lloyds as therein described as amended from time to time;

(r) "Indebtedness" - means all indebtedness, obligations and liabilities of the Chargor, direct or indirect, actual or contingent, wherever and however incurred, whether on account of principal, interest, fees, bonus, expenses, indemnity or otherwise, whether prior to, at the time of, or subsequent to the execution of the Charge and any unpaid balance thereof arising out of or under the Indemnity, the aggregate of which shall not exceed the principal amount of this Charge;

(s) "Interest" - the interest on the Indebtedness at the Interest Rate;

(t) "Interest Rate" - the interest rate set out in the Charge;

(v) "Lease" - in respect of any part of the Property in which the Chargor has a leasehold interest, the lease under which such leasehold interest is created and any lease with respect to all or any part of the Property which may be entered into in replacement or renewal of such lease, as any of the foregoing may be amended from time to time;

(v) "Lien" - any mortgage, lien, pledge, assignment, charge, security interest, title retention agreement, levy, execution, attachment or other encumbrance (whether statutory or otherwise);

(w)"Lloyds" - Lloyds TSB Bank plc;

(x) "Place of Payment" - the Chargee's Address for Service shown in the Charge;

(y) "Principal Amount" means: (i) in the case of a Paper Charge, the amount of money shown as the principal amount in box 4 of page 1 of the Charge; (ii) in the case of an Electronic Charge, the amount of money shown in the Chargor's Acknowledgment and Direction in the computer field entitled "Principal"; and (iii) in both cases shall be in lawful money of Canada unless otherwise specified in the Charge;

(z) "Property" - the lands and premises described in the Charge and any schedule thereto, including all buildings and improvements thereto and all fixtures forming a part thereof;

(aa)"Receiver" - the meaning ascribed thereto in paragraph 24 of these Standard Charge Terms;

(bb) "Schedules" - collectively, all the schedules attached to the Charge; and

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(bb) "Unit" - one or more units created by the registration of the Property under the Condominium Act.

DATE OF CHARGE

2. The date of the Charge, unless otherwise provided, shall be the earliest date of signature by a Chargor.

INTERPRETATION

3. In construing the provisions of the Charge, the words "Chargor" and "Guarantor" and the pronouns "it" and "its" relating thereto and used therewith, shall be read and construed as "Chargor" or "Chargors", or "Guarantor" or "Guarantors", as the case may be, and "he", "she", "they" or "it", "his", "her", "their" or "its", respectively, as the number and gender of the parties referred to in each case as the context may require, and the number of the verb agreeing therewith shall be construed as agreeing with the said word or pronoun so substituted. The headings above each paragraph herein are for reference purposes only and do not form part of the covenants herein contained.

EXCLUSION OF STATUTORY COVENANTS

4. The covenants deemed to be included in a charge by the Act are excluded from the Charge.

COLLATERAL SECURITY

5. (a) The Charge is given as a general and continuing collateral security for the due and timely payment and satisfaction of the Indebtedness and the performance of the Chargor's other obligations under the Charge.

(b) The amount of the Indebtedness secured at any particular time by the Charge shall be limited to the Principal Amount in lawful money of Canada with interest thereon at the Interest Rate.

(c) The Charge shall remain in full force and shall not be deemed to have been discharged or redeemed even though from time to time no amounts are outstanding in respect of the Indebtedness.

(d) The Charge shall not nor shall anything herein contained operate so as to create any merger, rebate or discharge of any debts owing to the Chargee or of any other security held by or which may hereafter be held by the Chargee from the Chargor or any other person or persons whomsoever, and the Charge shall not in any way prejudicially affect any security held or which may hereafter be held by the Chargee, nor shall the remedies of the Chargee in respect thereof be prejudiced or delayed in any manner whatsoever by the taking of the Charge.

(e) The taking of a judgment or judgments against the Chargor in respect of any of the agreements or obligations contained in the Charge, the Indemnity or in respect of all or any part of the Indebtedness, or otherwise, shall not operate as a merger of such agreements or obligations or all or any part of the Indebtedness, or operate as a merger of or any other way affect the security created by the Charge or any other security or the Chargee's right to pursue the Chargee's other remedies or to enforce the Chargor's other obligations (whether hereunder or otherwise) or the Chargee's right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon shall be computed at the Interest Rate until such judgment is fully paid and satisfied.

(f) The Chargee, without the consent of the Chargor, may assign in whole or in part the Charge, any security or collateral thereto and the benefit of all covenants of the Chargor contained in the Charge.

NO OBLIGATION TO ADVANCE

6. The Charge shall take effect forthwith upon the execution and delivery of the Charge by the Chargor, and the expenses of the examination of the title, the preparation of the Charge and the valuation of the Property are to be secured by the Charge, the same to be a charge upon the Property, and shall be without demand therefor payable forthwith with interest at the rate or rates provided for in the Charge, and in default, the Chargee's power of sale hereby given and all other remedies hereunder shall be exercisable.

DELAY, RELEASES, PARTIAL DISCHARGES, WAIVERS AND AMENDMENTS

7. The Chargee may increase, reduce, discontinue or otherwise vary the Chargor's credit arrangements, grant extensions of time or other indulgences, take and give up securities, abstain from taking, perfecting or registering securities, accept compositions and proposals, grant releases and discharges and otherwise deal with the Chargor and other persons (including without limitation any person to whom all or part of the Property is transferred) and with any securities as the Chargee may see fit without affecting any of the Chargee's rights or remedies (under the Charge or otherwise), the Chargor's liability under the Charge, the Indemnity or the Chargor's liability to pay the Indebtedness. The Chargee may delay enforcing any of its rights under the Charge, the Indemnity or any other document relating to the Indebtedness without losing or impairing those rights and may waive any breach of the Chargor's obligations under the Charge, the Indemnity or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing the Chargor. The Chargee may release its interest under the Charge in all or any part of the Property or any Lease (or any other collateral) whether or not the Chargee receives any value, and shall be accountable to the Chargor only for money which the Chargee actually receives. If the Chargee releases its interest in part of the Property, the remainder of the Property shall continue to secure the Indebtedness and the Chargor's obligations under the Charge will continue unchanged. No sale or other dealing with all or any part of the Property or Lease, and no amendment of the Charge or the Indemnity or any other security, agreement or instrument, and no amendment relating to the Indebtedness, will in any way affect the obligation of the Chargor or any other person to pay the Indebtedness.

DEFEASANCE

8. Subject to the provisions of paragraph 5(c) hereof, the Charge is to be void upon payment of the Indebtedness and interest thereon as hereinafter provided, calculated to the date of payment, and cancellation, expiry or release of all instruments and contracts constituting or evidencing the Indebtedness, and all taxes and performance of statute labour, and observance and performance of all covenants, provisos and conditions herein contained.

PAYMENT AND INTEREST

9. The Chargor agrees:

i) to pay the Indebtedness to the Chargee at its Place of Payment or at any other place designated by the Chargee from time to time;

ii) to pay interest at the Interest Rate on such Indebtedness as remains from time to time unpaid as and from the time of demand therefor under the Charge as well as after as before judgment, with interest on overdue interest at the Interest Rate until the Indebtedness is fully paid which interest shall be paid on demand;

iii) to pay the Chargee interest at the Interest Rate on all Costs and interest (including interest on overdue interest payable under the Charge) which are not paid when due, which interest shall be paid on demand;

iv) that any payment of interest under the Charge which becomes due on a day which is not a Business Day shall be paid on the next following Business Day and such extension shall be taken into account for the calculation of interest and overdue interest;

v) that the provisions of the Charge do not prejudice or otherwise affect any right the Chargee may have independently of the Charge (whether pursuant to the Indemnity, any agreement, promissory note, other instrument, any rule of law or otherwise whatsoever) to recover all or any part of the Indebtedness from the Chargor and, if the Indebtedness exceeds the Principal Amount, the Chargee may conclusively determine what part of the Indebtedness shall be secured by the Charge and what part shall not be so secured;

vi) that the records maintained by the Chargee as to the date and amount of any Indebtedness incurred by the Chargor from time to time (including any interest accrued thereon) and as to the amount of any payment thereof, shall constitute prima facia evidence of such dates and amounts; and

vii) that any demand for payment by the Chargee pursuant to the Charge may be delivered personally or by private courier to the Chargor or any employee or officer thereof or may be mailed, postage prepaid, to the Chargor's Mailing Address. Any such demand shall be conclusively deemed to have been given and received on the date of such delivery or the third day after such mailing.

APPLICATION OF PAYMENTS

10. Except as otherwise agreed in writing, payments or other moneys received by the Chargee may be applied by it on any part of the Indebtedness determined by it from time to time, notwithstanding any contrary stipulation by the Chargor. The Chargee may, from time to time, revoke or alter any such application and reapply the amount in question on any other part of the Indebtedness determined by it.

CHARGOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENTS

11. (a) The Chargor represents and warrants to and agrees with the Chargee that:

(i) there is no outstanding assignment, charge or hypothecation, absolute or contingent, direct or indirect, of the whole or any part of the Property or of any of the rents, issues, proceeds or profits therefrom;

(ii) the Charge shall constitute a first charge on the Property and rank in priority to all other charges, Liens, encumbrances and adverse rights of third parties, except any that the Chargor has heretofore reported to the Chargee;

(iii) the Chargor is the lawful owner of the Property and has a good and marketable title in fee simple free of any Liens or claims except any that the Chargor has heretofore reported to the Chargee in writing;

(iv) the Chargor has the right to execute and deliver the Charge and to charge the Property and the Chargor's interest in it to the Chargee in accordance with the terms of the Charge;

(v) the Chargor has not done, omitted or permitted anything whereby the Property or the Chargor's interest in it or any part of it is or may be subject to any Lien or claim except any the Chargor has reported to the Chargee in writing;

(vi) there are no limitations, encumbrances or restrictions affecting title to the Chargor's interest in the Property, except any the Chargor has reported to the Chargee in writing and except for building and zoning by-laws which have been and will continue to be complied with or with respect to which the Property is a legal non-conforming use;

(vii) no part of the Property is, has ever been or will in the future be insulated with asbestos materials or urea formaldehyde insulation;

(viii) to the best of the Chargor's knowledge and belief, after due inquiry and investigations, (i) no part of the Property or any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with hazardous substances except in compliance with all laws, regulations and orders and (ii) no part of the Property contains, has ever contained or will in the future contain any hazardous substance. The Chargee may (but shall not be obligated to) require the Chargor, at the Chargor's expense, to obtain an environmental audit of all or any part of the Property, which environmental audit shall be satisfactory to the Chargee, but such environmental audit does not relieve the Chargor from its obligations herein;

(ix) on default under the Charge, the Chargee shall have quiet possession of the Property free from all Liens and claims, except any that the Chargor has heretofore reported to the Chargee in writing;

(x) the Chargor shall, from time to time and at all times thereafter, at its own expense, make, do, execute or cause to be made, done and executed all and every such further and other reasonable act, deed, devise, conveyance and assurance in the law for the further, better and more perfectly and absolutely conveying and assuring the Property to the Chargee, as the Chargee or his solicitor may reasonably advise or require; and

(xi) the Chargor will pay the Indebtedness, interest and all other amounts secured by the Charge in the manner of payment provided in the Charge, without any deduction, set-off or abatement, and notwithstanding any countervailing equity in respect of any claim which the Chargor may have or allege to have against the Chargee, and shall observe and perform all the covenants, agreements, stipulations and provisions contained in the Charge and shall pay as they fall due all taxes, rates, charges, levies and assessments, municipal, local, parliamentary and otherwise, which now are or may hereafter be imposed, charged or levied upon the Property and shall provide the Chargee with receipts evidencing payment of the same upon request.

(b) If the Chargor is a tenant or lessee of the Property or any part thereof, the Chargor also represents, warrants and agrees with the Chargee that:

(i) the Chargor is the lawful tenant or lessee of the Property or such part thereof and has a good and marketable leasehold title to the Property, free of any Liens or claims, except any the Chargor has heretofore reported to the Chargee in writing;

(ii) the Property is leased to the Chargor under a good, valid and subsisting lease (a complete copy of which the Chargor has given to the Chargee);

(iii) all rents and other moneys payable under each Lease have been paid and the Chargor has not defaulted in respect of any of the Chargor's other obligations set out in such Lease up to the date the Chargor signed the Charge;

(iv) the Chargor has obtained the consent of the Chargor's landlord or lessor, or the Chargor has the right without such consent, to charge and sublet the Chargor's leasehold interest in the Property to the Chargee in the manner provided in the Charge;

(v) the Chargor shall pay rent and all other amounts, and perform and observe all other obligations of the lessee or tenant, all as required by each Lease, in default of which the Chargee may (but shall not be obligated to) make any such payments or perform or observe any such obligations, and the Chargor shall immediately pay the Chargee the amount of any payments made or costs and expenses incurred by the Chargee in so doing;

(vi) the Chargor shall not surrender the Lease or cause or allow it to be terminated or forfeited;

(vii) the Chargor shall not agree to any amendment of the Lease without first obtaining the Chargee's written consent;

(viii) the Chargor shall promptly give the Chargee a copy of any notice, demand or request which the Chargor may receive relating to the Lease or the Property; and

(ix) the Chargor shall stand possessed of the Property for the last day of the term or of any renewal term granted by each Lease in trust for the Chargee, and will assign and sell it as the Chargee may direct, but subject to the Chargor's rights herein.

INSURANCE

12. (a) The Chargor covenants to insure immediately, at its own expense, if not already so insured, and during the continuance of the Charge to keep insured in its name, with loss payable firstly to the Chargee, the Property and each and every building, structure, erection, improvement, fixture or replacement thereof, including without limiting the generality of the foregoing, all equipment, apparatus, machinery and fixtures of every kind and nature whatsoever now on the Property or which may hereafter be erected thereon, both during erection and thereafter in such amounts as the Chargee may from time to time specify but in any event in an amount not less than the full insurable replacement value thereof on a completed value basis, in lawful money of Canada, with a company or companies and by a policy or policies of insurance approved by the Chargee, against all risks of direct physical loss normally covered by "all risks" insurance with only such exclusions and exemptions as the Chargee may approve. In addition, without limiting the generality of the foregoing, the Chargor shall maintain rental income insurance (if appropriate) and comprehensive public liability insurance against liability imposed for damage, loss or injury to or death of persons or for damage to or loss of property of any person with respect to the Property, in such amounts as will in the opinion of the Chargee reasonably protect the Chargor against such losses. The interest of the Chargee shall be noted on all such policies of insurance and the Chargee shall be included thereon as a loss payee, as its interest may appear.

(b) If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or air conditioning or sprinkler system is at any time operated on the Property, the Chargor will also insure and keep insured for a full replacement value against loss or damage by explosion of or otherwise caused by any such apparatus or system.

(c) Any such insurance policy shall either be without co-insurance or have a stated or stipulated amount co-insurance clause for an amount equal to or less than the policy limit.

(d) Each policy of insurance required under the Charge shall contain mortgage clauses in favour of the Chargee in a form approved by the Chargee including without limitation, a clause or endorsement that such policy shall not be cancelled, reduced in coverage or altered in any way without at least thirty (30) days' written notice to the Chargee of such cancellation, reduction or alteration. The Chargor shall immediately give the Chargee a certified copy of each insurance policy and, not less than 30 days before any policy expires or is terminated, evidence of its renewal or replacement. The Chargee may require cancellation of any insurance required by the Charge and new insurance effected by an insurer to be approved by the Chargee.

(e) The Chargor shall not allow any policy or policies of insurance relating to the Property to be invalidated, and will forthwith assign, transfer and deliver to the Chargee such policy or policies and receipts thereto appertaining, and the Chargor hereby irrevocably assigns the proceeds of any such insurance to the Chargee. If the Chargor shall neglect to keep any part of the Property insured as herein provided, or to deliver any such policy or receipt to the Chargee or to produce to the Chargee at least fifteen (15) days before the termination of any insurance coverage evidence to the satisfaction of the Chargee of the renewal thereof, or if the Chargee receives notice of intended cancellation of any such policy, the Chargee shall be entitled to insure the Property. Provided, however, that the Chargee shall not be bound to insure the Property, or in the event of insuring the Property, to insure other than the interest of the Chargee only, or to see to the payment of the premiums on any policy, or be liable or responsible for any loss arising out of any defect in any policy or failure of any insurance company to pay for any loss thereunder. The Chargor shall immediately pay the Chargee all premiums paid and all costs and expenses incurred by the Chargee to effect such insurance.

(f) The Chargor shall forthwith notify the Chargee on the happening of any loss or damage to any part of the Property and furnish at its own expense all necessary proofs and do all necessary acts to enable the Chargee to obtain payment of the insurance moneys. The Chargee, at its option, may apply any insurance moneys received, or may cause any such moneys to be applied:

(i) to rebuild, reinstate or repair the Property;

(ii) to be applied towards all or any part of the Indebtedness, whether due or not then due, as the Chargee in its sole discretion may decide, notwithstanding any law, equity or statute to the contrary, all rights and benefits of the Chargor under the Charge being hereby expressly waived;

(iii) in payment to the Chargor or any person appearing by the registered title to be or to have been the owner of the Property; or

(iv) partly in one way and partly in another.

(g) The Chargor, during such time or times as there is construction of any buildings or other improvements on the Property, shall maintain builder's all risk insurance with a stated amount clause for the improvement of not less than the balance outstanding hereunder or full insurable value coverage.

SALE OR LEASE

13. If the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property or any interest in the Property or agrees to do so, without the Chargee's prior written approval, the Indebtedness shall forthwith become due and payable at the Chargee's option. Acceptance by the Chargee of any payments from such purchaser or transferee not approved in writing by the Chargee shall not constitute approval or waiver under this paragraph.

REPAIR

14. (a) The Chargor shall keep the Property and all buildings, erections and improvements thereon, if any, in good condition and repair according to the nature and description thereof respectively, and the Chargee may, whenever it deems it necessary, by its agent, enter upon and inspect the Property and make such repairs as it deems necessary, and the reasonable cost of such inspection and repairs with interest at the rate or rates provided in the Charge shall be added to the amount secured by the Charge and be payable forthwith and be a charge upon the Property prior to all claims thereon subsequent to the Charge.

(b) If the Chargor shall neglect to keep the Property in good condition and repair, or commit or permit any acts of waste on the Property (as to which the Chargee shall be sole judge) or makes default as to any of the covenants, provisos, agreements or conditions contained in the Charge, or in any mortgage or charge to which the Charge is subject, all moneys secured by the Charge shall, at the option of the Chargee, forthwith become due and payable, and in default of payment of same with interest as in the case of payment before maturity, the powers of entering upon and leasing or selling hereby given and all other remedies contained in the Charge may be exercised forthwith.

(c) The Chargor shall perform and observe the requirements of any present and future statute, law, by-law, ordinance, regulation and order affecting the operation, condition, maintenance, repair, construction, use or occupation of all or any part of the Property.

(d) If any part of the Property is farmland, the Chargor shall in each year either put into crop or summerfallow in a proper manner on every part thereof which has been or may be in the future be brought under cultivation. The Chargor shall also keep such Property clean and free from all noxious weeds and generally see that it does not depreciate in any way as farmland.

(e) If the Chargor fails as at any time for a period of 10 consecutive days to diligently carry on any Improvement to or on any part of the Property, or without the written consent of the Chargee departs from the plans and specifications approved by the Chargee with respect thereto or from the generally accepted standards of construction in the locality of the Property, or if default occurs in payment of any sum required to be paid under the Charge or the Chargor fails to perform any obligation to be performed by the Chargor pursuant to the Charge, the Chargee may from time to time enter on the Property and have exclusive possession of all materials, plant and equipment, free of interference from or by the Chargor, and complete the Improvement either according to such plans and specifications or according to such other plans, specifications or design as the Chargee in its absolute discretion shall determine. The Chargor shall immediately pay the Chargee all costs and expenses incurred by it in connection with any of the foregoing. In exercising any of the foregoing rights, the Chargee shall be deemed not to be a mortgagee or Chargee in possession.

(f) Any entry which may be made by the Chargee pursuant to any provision of the Charge may be made by any agents, employees and/or contractors thereof.

COSTS ADDED TO PRINCIPAL

15. The Chargor further covenants and agrees with the Chargee as follows:

(a) The Chargee shall have the right, but shall not be obliged:

(i) to pay any sum of money required to be paid under the Charge by the Chargor, or which the Chargor should have paid, or which the Chargor has the right to pay; and

(ii) to perform any covenant, agreement or obligation of the Chargor which the Chargor is required to perform under the Charge and has not performed.

The Chargee shall give the Chargor prior notice of any sum of money so paid or covenant, agreement or obligation so performed by it under the Charge. Any sum of money so paid by the Chargee and the cost of performance by the Chargee of any such covenant, agreement or obligation shall be payable immediately by the Chargor to the Chargee and shall, so long as any portion thereof remains unpaid, bear interest at the Interest Rate, and all such sum or sums and costs, together with interest and compound interest thereon shall be secured by the Charge. All such sums shall be deemed to be secured by the Charge from the date of registration hereof notwithstanding the date the same may be advanced or incurred.

(b) The Chargor shall promptly pay the full amount as and when the same shall be payable of:

(i) all Liens, charges and encumbrances upon the Property;

(ii) all charges by or expenses of the Chargee in inspecting, protecting or valuating the Property; and

(iii) all costs, fees, disbursements, charges and expenses which have been or may be incurred by the Chargee in negotiating the Charge, or in investigating or perfecting title to the Property and the capacity of the Chargor to borrow the moneys secured by the Charge, or in preparing or registering the Charge and all documents incidental or collateral hereto, or in advancing any portion of the moneys secured under the Charge, or in taking, recovering and keeping or attempting to procure possession of the Property or any part thereof, or in enforcing or attempting to enforce the personal remedies or any other remedies available under the Charge, or in collecting or attempting to collect any of the moneys secured under the Charge, or in realizing or attempting to realize on any security collateral to the Charge or in any foreclosure or other proceedings, judicial or otherwise, to protect the Property or to realize on the Charge or any security collateral to the Charge, or in connection with any receivership; and if a solicitor is retained in connection with any of the foregoing, such solicitor's fees and disbursements shall be paid on a solicitor and his own client basis or, at the option of the Chargee, on the basis of a lump sum bill; and if any other professional person or firm is retained or employed in connection with any of the foregoing, such persons or firm's fees shall be paid on the basis of their normal professional charges.

All payments, costs, disbursements, fees, charges and expenses of every nature and kind whatsoever incurred or paid by the Chargee or for which the Chargee may either be or become directly or indirectly liable, in connection with the Property or the Charge shall be payable immediately by the Chargor and shall, so long as any portion thereof remains unpaid, bear interest at the

Interest Rate, and such sum or sums, together with the Interest and compound interest shall be secured by the Charge. All such sums shall be deemed to be secured by the Charge from the date of registration thereof notwithstanding the date the same may have been advanced or incurred.

IMPROVEMENTS, DEMOLITION

16. (a) In this paragraph 16, the term "Improvement" has the meaning given to it in the Construction Lien Act R.S.O., c. C.30, as amended or replaced from time to time, and includes any alteration, addition or repair to, and any construction, erection, remodelling, rebuilding or installation on or of any part of the Property and the demolition or removal of any building or part of any building on the Property.

(b) The Chargor agrees that no Improvement to or on the Property will be made or commenced (by the Chargor or any other person) unless the Chargor first provides a copy of all proposed plans, blueprints and specifications to the Chargee and obtains the Chargee's written consent thereto. The Improvement shall form part of the Property but, nevertheless, it is expressly agreed that the Charge is not and shall not be a building mortgage under Subsection 78(2) of the Construction Lien Act, as amended or replaced from time to time. Subject to paragraph 11, the Chargee may make advances to the Chargor under the Charge based on progress in completing the Improvement or upon its completion or, in the case of a building, its occupation or sale or otherwise. The Chargor shall construct and complete its Improvement in accordance with the plans and specifications approved by the Chargee and all applicable governmental building standards as quickly as possible and make all payments for the Improvement that it is required to make, and shall provide the Chargee with proof of such payments on request.

(c) The Chargee may retain funds from any advance or advances under the Charge until the Chargee is completely satisfied that all statutory holdback provisions have been fully complied with. Should the Chargee be required to enter any defence in any action brought pursuant to the Construction Lien Act resulting from an Improvement to the Property, legal fees and expenses on a solicitor and his own client basis and any other costs and expenses incurred by the Chargee shall be immediately repaid by the Chargor to the Chargee.

CONDOMINIUM PROVISIONS

17. (a) This paragraph 17 shall apply, in addition to the other provisions of the Charge, if all or any part of the Property is a Unit. The Chargor agrees that the common elements pertaining to the Property and any other interest that the Chargor may have in the assets of the Condominium Corporation form part of the Property and are subject to the Charge.

(b) The Charge is made pursuant to the Condominium Act.

(c) The Chargor shall comply with the Condominium Act, the Declaration and the by-laws, rules and regulations of the Condominium Corporation as they exist from time to time.

(d) The Chargor shall pay, when due, all amounts (including, without limitation, Common Expenses) which, by the terms of the Condominium Act, the Declaration or the by-laws, rules and regulations of the Condominium Corporation, are payable by the Chargor with respect to the Property and provide the Chargee on request with proof of such payment. If the Chargor does not make any such payment, the Chargee may (but shall not be obligated to) do so, and the Chargor shall immediately pay the Chargee any amount so paid.

(e) The Chargor shall mail to the Chargee, by prepaid registered mail, or deliver to the Chargee, copies of every notice, assessment, claim or demand for payment, rule, regulation, request or demand of the Chargee to consent to any matter, and every other communication relating to all or any part of the Property or the common elements of the Condominium Corporation so that the Chargee receives them at least five days before any such claim or demand is payable or, in the case of other communications, within five days after receipt by the Chargor.

(f) The Chargor irrevocably appoints, authorizes and empowers the Chargee to vote, consent or not consent respecting all matters relating to the affairs of the Condominium Corporation provided that:

(i) the Chargor shall be entitled to exercise such right to vote, consent or not consent if the Chargee gives notice of its non-attendance at the specific meeting or matter;

(ii) the Chargee's right to vote, consent or not consent do not impose any obligation on the Chargee to do so nor to protect the Chargor's interests; and

(iii) the Chargee's exercise of its right to vote, consent or not consent shall not constitute the Chargee a mortgagee or Chargee in possession and shall not give rise to any liability on the part of the Chargee.

(g) The Chargor shall insure all improvements which at any time the Chargor or any previous owner makes or has made to the Property and the Chargor's common or other interest in buildings which are part of the condominium property against such risks as the Chargee may require. If the Condominium Corporation fails to obtain and maintain the insurance required by the Condominium Act, the Declaration, the by-laws or rules and regulations of the Condominium Corporation or otherwise to obtain and maintain insurance with respect to all or any part of the Property, the condominium property or the assets of the Condominium Corporation, the Chargor shall do so. If the Chargor fails to so insure, the Chargee may (but shall not be obligated to) do so and the Chargor shall immediately pay the Chargee all premiums paid by it. All policies of insurance required to be effected pursuant to this paragraph 17 upon or in respect of the buildings on the Property shall provide for any loss to be payable to the Chargee and a trustee approved by the Chargee pursuant to an insurance trust agreement approved by the Chargee, the terms of which shall not be altered without the Chargee's prior written consent. Without limiting the generality of paragraph 17(a), it is expressly agreed that the provisions of this paragraph 17(g) are in addition to the Chargor's obligations and the Chargee's rights set out in paragraph 12.

(h) In addition to the Chargee's other rights, whether under the Charge or otherwise, including the Chargee's right to require payment of the Indebtedness pursuant to any other provision of the Charge or the Indemnity, the balance of the Indebtedness will, at the Chargee's option and without notice to the Chargor, become immediately due and payable if any of the following events or circumstances shall occur and be continuing, and the Chargor shall immediately pay to the Chargee the balance of the Indebtedness:

(i) the government of the property of the Condominium Corporation, or that part thereof included in the Property by the Condominium Act is terminated;

(ii) a vote of the Condominium Corporation authorizes the sale or lease of all or substantially all its property or assets or all or any part of its common elements or all or any part of the Property, or if any part of such common elements is expropriated;

(iii) the Condominium Corporation fails to comply with any provision of the Condominium Act, the Declaration or of any of the by-laws, rules or regulations applicable to the Condominium Corporation;

(iv) the Condominium Corporation fails to insure the units and common elements thereof in accordance with the Condominium Act, the Declaration and the by-laws, rules or regulations of the Condominium Corporation; or

(v) the Condominium Corporation fails, in the Chargee's opinion, to manage its property and assets in a careful way or maintain them in good repair.

(i) The Chargor will observe all provisions of, and perform all obligations imposed upon the Chargor by the Condominium Act, the Declaration, the by-laws of the Condominium Corporation and any rules and regulations made pursuant to the Condominium Act. The Chargee may (but shall not be obligated to) observe and perform such provisions or obligations if the Chargor fails to do so and the Chargor shall immediately pay the Chargee all costs and expenses incurred by the Chargee in so doing.

EFFECT OF SUBDIVISION

18. If the Property is subdivided, each part of the Property shall continue to secure payment of the total amount of the Indebtedness and no person shall have any right to require the Indebtedness to be apportioned upon or in respect of any part of the Property.

LEASES AND RENTS

19. (a) The Chargor assigns to the Chargee, as additional security for payment of the Indebtedness (i) all leases heretofore or hereafter granted by the Chargor (or any predecessor in title) of all or any part of the Property and (ii) any rents payable from time to time under such leases and the benefit of the terms and conditions contained therein and the reversion thereunder. The Chargor shall, on request from time to time, execute a formal assignment of any of the foregoing in a form acceptable to the Chargee and, if requested by the Chargee, suitable for registration. The Chargor agrees to give the Chargee executed copies of all such leases promptly after their execution and to perform all of the Chargor's obligations thereunder. No such assignment or any act of the Chargee pursuant thereto shall operate to delay, hinder or prejudice any of the Chargee's rights or remedies under the Charge. The Chargor shall also, from time to time, execute and deliver to the Chargee such notices to lessees or others and such other documents as the Chargee may request for the purpose of protecting or enforcing its rights in respect of such assignments.

(b) The Chargee shall not be responsible for the collection of any rents assigned to it or the performance of the terms and conditions of any lease referred to in this paragraph 19. The Chargee shall be responsible to account only for rents actually received, less reasonable collection charges, and may apply such rents to the repayment of the Indebtedness, whether or not due. The Chargee shall not by reason of any such collection or any assignment referred to in this paragraph 19 be deemed a mortgagee or Chargee in possession.

(c) Notwithstanding this paragraph 19, no lease of all or part of the Property shall be made by the Chargor without the written consent of the Chargee. Notwithstanding any such consent, no such lease shall have priority over the Charge unless the Chargee expressly agrees to such priority in writing. For the purposes of the Charge, every act or omission by the lessee under any lease of all or any part of the Property shall be conclusively deemed to be the act or omission of the Chargor.

PROPERTY TAXES

20. The Chargor will pay promptly as they fall due all taxes, rates and assessments (municipal, local, parliamentary or otherwise) which now are or may hereafter be imposed, charged or levied with respect to all or any part of the Property (collectively, the "Taxes") and will, upon request, provide the Chargee with evidence satisfactory to it of such payment. Without in any way limiting or restricting the generality of the foregoing obligations and any other obligations of the Chargor, the Chargor agrees with the Chargee that:

(i) the Chargee may pay any Taxes, the whole or any installment of which has or will become payable, and the Chargor shall immediately pay the Chargee all Taxes paid by it;

(ii) whenever and so long as the Chargee requires, the Chargor will pay to the Chargee, on or before the first day of each month, or on such other date or dates as the Chargee may require from time to time, a sum sufficient, as determined by the Chargee, to enable the Chargee to pay the whole amount of any Taxes on or before the due date for payment thereof or, if such Taxes are payable in installments, on or before the due date for payment of the first installment;

(iii) the Chargor shall provide to the Chargee all tax bills and other notices relative to the imposition of Taxes immediately after receipt thereof;

(iv) all payments made by the Chargor to the Chargee pursuant to paragraph 20(ii) shall, at the Chargee's option, be either credited to a tax account or, if any event or circumstance set out in paragraph 22 has occurred and is continuing, applied against the Indebtedness (whether or not due); and

(v) if and so long as the Chargee requires payments to be made pursuant to paragraph 20(ii), the Chargee shall, so long as the Chargor is not in default hereunder, pay all Taxes as they fall due or at such earlier time as the Chargee deems fit; all such payments by the Chargee shall be debited to the tax account to the extent that the amount in such account is sufficient and, to the extent that the amount in such account is insufficient, the Chargor shall immediately pay the Chargee the amount of each such payment.

OTHER LIENS AND RENEWALS OF LEASES

21. (a) Unless the Chargee otherwise consents, the Chargor will not create or permit to exist any Lien on or against all or any part of the Property, any Lease or any leases or rents referred to in paragraph 19, other than Liens (i) for taxes which are not due or (ii) incidental to construction, repairs or current operations which have not been registered against the Property, which relate to obligations which are not due and written notice of which has not been given to the Chargee. The Chargor shall pay, when due, all amounts payable under, in respect of or secured by any Charge or other claim on, against or relating to all or any part of the Property or any Lease and shall comply with all obligations contained in the document or statute under which any such Lien or other claim arose. The Chargee may, but shall not be obligated to, pay any such amount and/or cure any default under any such document or statute and the Chargor will immediately pay the Chargee all amounts, costs and expenses paid or incurred in so doing. To the extent the Chargee pays any such amount, it shall be entitled to all equities and securities of the person or persons so paid and it may retain any discharge or cessation of charge unregistered until paid. The Chargor shall immediately notify the Chargee in writing of the creation or coming into existence of any Lien on or against all or any part of the Property or any Lease and of the terms and conditions thereof.

(b) The Chargee may from time to time obtain an order vacating any construction lien registered against all or any part of the Property and, if the Chargee considers it necessary, provide financial guarantees or other security to facilitate the obtaining of any such order. The Chargor shall immediately pay the Chargee all costs and expenses paid or incurred by the Chargee to obtain such order or to provide such guarantees or security.

(c) If the Chargor has a leasehold interest in the Property and the Chargor refuses or neglects to renew any Lease, the Chargee may (but shall not be obligated to) from time to time effect any such renewal in its own name or otherwise. The Chargor shall immediately pay the Chargee all costs and expenses incurred by the Chargee in connection with any such renewal.

DEFAULT

22. In addition to the Chargee's other rights, whether under the Charge or otherwise, to require payment of the Indebtedness, the Indebtedness shall, at the Chargee's option, become immediately due and payable and the Chargor shall thereupon pay same to the Chargee in the event that any of the following events or circumstances shall occur and be continuing:

(i) the Chargor fails to pay when due all or any part of the Indebtedness or any amount payable pursuant to the Indemnity or other instrument, agreement or document, now or later entered into, in respect of or representing all or any part of the Indebtedness;

(ii) the Chargor fails to observe or perform any provision or obligation hereunder or under the Indemnity, any loan agreement, bill of exchange, promissory note, guarantee or other instrument, agreement or documents (negotiable or otherwise) now or later entered into with or in favour or held by the Chargee except as contemplated in paragraph 22(i);

(iii) any statement any Guarantor has given or made at or prior to signing the Charge (including without limitation those contained in paragraph 11, which shall be deemed to have been given or made when the Charge was signed) in respect of the Property, the Chargor, any Lease, the Indebtedness, any Guarantor or the affairs of any Guarantor, is untrue in any material way on the date given or made;

(iv) any Lien or notice of a Lien is registered against the title to all or any part of the Property without the Chargee's prior written consent;

(v) the Property is abandoned or any act of waste is committed as to all or any part of the Property or any building or other structure now or later being erected on the Property remains unfinished and without any work being done on it for a period of ten consecutive days;

(vi) the Chargor sells, transfers, leases or otherwise disposes of all or any part of the Property, any Lease or any interest in any of the foregoing, or agrees to do so, without the Chargee's prior written consent;

(vii) the Chargor ceases to carry on the business ordinarily carried on from the Property without the Chargee's prior written consent;

(viii) any order is made or resolution passed for the winding-up, liquidation or other dissolution of an Guarantor which is a corporation or there is a change in the membership or dissolution of an Guarantor which is a partnership;

(ix) in the opinion of the Chargee, there is a change in the effective control of a Guarantor which is a corporation;

(x) a Guarantor makes an assignment for the benefit of creditors, or any proceedings shall be instituted by or against a Guarantor seeking to adjudicate it bankrupt or insolvent or seeking liquidation, winding-up, dissolution, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or other similar law or seeking the appointment of a receiver, receiver and manager, trustee, custodian or other similar official for it or any of its property (excluding proceedings which are being contested by such Guarantor in good faith, which have been outstanding for fewer than thirty days and in respect of which any enforcement proceedings are stayed), or a Guarantor is declared bankrupt, or a receiver, receiver and manager, trustee, custodian or other similar official is appointed of it or in respect of all or any part of the Property, or power of sale or foreclosure proceedings are commenced against all or any part of the Property;

(xi) another encumbrancer takes possession of all or any part of the Property or a distress or execution or other similar process is brought against all or any part of the Property;

(xii) if all or any part of the Property is expropriated; or

(xiii) if any representation or warranty given by the Chargor in the Charge or in this set of Standard Charge Terms is untrue or misleading in any material respect.

REMEDIES ON DEFAULT

23. (a) If any of the events or circumstances set out in paragraph 22 has occurred and is continuing, the Chargee may (but shall not be obligated to), from time to time and in any order, separately or in combination, and after giving the minimum notice, if any, required by applicable law and obtaining court approval where necessary, enforce any one or more of the following remedies:

(i) sue the Chargor for all or any part of the Indebtedness;

(ii) distrain for arrears of all or any part of the Indebtedness;

(iii) take judicial proceedings to foreclose the Chargor's and/or any other person's interest in all or any part of the Property or any Lease, to take possession of it and/or to sell, lease or otherwise deal with it;

(iv) enter on and take possession of all or any part of the Property;

(v) sell and/or lease all or any part of the Property or sell the unexpired term of any Lease;

(vi) assign any Lease and sell the last day of the term granted by the Lease and/or remove the Chargor or any other persons from being a trustee on the last day of the term of any Lease and appoint a new trustee or trustees in its place;

(vii) appoint in writing a Receiver of all or any part of the Property and the rents and other income thereof and from time to time remove any receiver and appoint another in its place;

(viii) apply to a court of competent jurisdiction for the appointment of a receiver;

(ix) exercise in respect of the insurance policies, insurance trust agreements, leases, rents and benefits assigned pursuant to paragraphs 12(e) and 19(a) the remedies exercisable by the Chargee in respect of all or any part of the Property; and

(x) exercise any other rights or remedies which the Chargee may have, whether pursuant to the Charge, at law, in equity, by contract or otherwise.

(b) Nothing contained herein and nothing done by the Chargee or any Receiver, other than taking possession of the Property in fact, shall render the Chargee or such Receiver a mortgagee or Chargee in possession.

(c) The Chargor hereby waives the right to claim any exemption with respect to the Chargee's right of distress and agrees that the Chargee shall not be limited as to the amount for which it may distrain.

(d) Any sale contemplated or permitted herein may be for cash or for credit, or partly for cash and partly for credit, by tender, private sale or public auction, as a whole or in separate parcels, with or without a reserve bid, with or without advertisement and at any time or times and on such terms as the Chargee thinks reasonable. The Chargee will be accountable for sale proceeds or rent only when received in cash. The Chargee may use the services of any real estate agent in connection with any sale or lease (including any agent affiliated with the Chargee). The Chargee may apply the net proceeds of any lease or sale to any part of the Indebtedness determined by the Chargee and the Chargor will pay the Chargee any part of the Indebtedness remaining unpaid.

(e) The Chargee may cancel or amend any contract of sale or lease and sell or lease again, or adjourn any such sale from time to time, all as the Chargee thinks reasonable, without being responsible for any resulting loss.

(f) Any purchaser or lessee from the Chargee or a Receiver pursuant hereto shall not be required to see to the validity, legality, regularity or propriety of such sale or lease, or that a default has happened on account of which the sale or lease is being made. The Chargor agrees that each such purchaser and lessee will receive good title to or a valid lease of that part of the Property sold or leased, and that the Chargor will not make any claims concerning the validity, legality, regularity or propriety of the sale or lease against the purchaser or lessee or their successors in title. The Chargor's only claim respecting such validity, legality, regularity or propriety will be made against the Chargee and will be in damages only.

(g) The Chargee may lease or sell without entering into actual possession of the Property and, while in possession, shall only be accountable for moneys actually received by it.

(h) Without limiting the generality of paragraph 23(a), sales may be made from time to time of parts of the Property to satisfy any part of the Indebtedness, leaving the balance thereof secured under the Charge on the remainder of the Property.

(i) If the Chargor has a leasehold interest in the Property, the Chargor irrevocably appoints each officer of the Chargee (with the power of substitution) to be the Chargor's attorney during the continuance of the Charge so as to permit the Chargee to execute any document or do any act or thing which the Chargee is permitted or the Chargor is required to execute or do pursuant to the provisions hereof.

(j) If the Chargor has a leasehold interest in the Property, the Chargor shall (i) at the request of the Chargee and at the cost and expense of the Chargor, sell and assign to the Chargee or any person appointed by the Chargee, the last day of the term of the Lease or any renewal term and (ii) in the event of any sale by the Chargee as contemplated in the Charge, hold such last day in trust for the purchaser, and the purchaser's heirs, executors, administrators, successors and assigns.

(k) Neither the Chargor nor any person claiming an interest in the Property through the Chargor shall interfere in any way with the Chargee's possession of the Property obtained pursuant to the provisions hereof nor with the possession of anyone to whom all or any part of the Property is sold or leased by the Chargee or any Receiver appointed pursuant to the provisions hereof.

(l) No remedy herein conferred upon or reserved to the Chargee is intended to be exclusive of any other remedy or remedies hereunder or under any security collateral thereto, and each and every such remedy shall be cumulative, and shall be in addition to any security collateral to the Charge or now or hereafter existing at law or in equity or by statute. Every power and remedy given by the Charge to the Chargee may be exercised from time to time as often as may be deemed expedient by the Chargee.

RECEIVER

24. The Chargee may by writing either itself or under the hand of any solicitor or agent authorized on its behalf, upon the occurrence of any of the events or circumstances set out in paragraph 22 or a default in the observance or performance of any covenant, proviso or condition contained herein, appoint a receiver or manager, or receiver and manager, or receiver-manager (each, a "Receiver") of the Property or any portion thereof, and every such Receiver shall be deemed the agent of the Chargor, and the Chargor shall be solely responsible for the acts or defaults of the Receiver and the Receiver shall have power to demand, recover and receive all the income of the Property of which he may be appointed Receiver, by action, distress or otherwise, either in the name of the Chargor or the Chargee, and may give effectual receipts therefor. Every such Receiver may in writing at the discretion of the Chargee be vested with any or all of the powers and discretions of the Chargee herein contained and such Receiver may complete the construction of any uncompleted structure or carry on the business of the Chargor relating to the Property or any part thereof and may exercise all the powers conferred upon the Chargee hereunder. The Receiver may be removed, in which case, and if any Receiver dies or refuses to act or becomes incapable of acting, a new Receiver may be appointed from time to time by the Chargee in writing either itself or under the hand of any authorized solicitor or agent as aforesaid. The Chargee may from time to time fix the remuneration of every such Receiver and may recompense every such Receiver for his disbursements properly incurred in carrying out his duties, and his fees and such payments shall be a charge upon the Property, shall be payable on demand and shall bear interest at the rate or rates provided in the Charge. The Chargee shall not be deemed to be a mortgagee in possession and shall not be accountable except for the moneys actually received by it, and the person paying money to or in any way dealing with the Receiver shall not be concerned to inquire whether any cause has happened to authorize the Receiver to act.

Subject to the retention of its remuneration and disbursements as aforesaid, the Receiver shall apply all moneys received by it in such of the following modes and in such order or priority as the Chargee may from, time to time, at its option direct in writing:

(i) in discharge of all rents, taxes, assessments, common expenses and outgoings whatsoever affecting the Property;

(ii) in payment of any amounts due under any mortgage or Lien of or on the Property;

(iii) in payment of any premiums on fire or other insurance, if any, properly payable under the Charge, payment of which is directed or confirmed in writing by the Chargee;

(iv) in payment of the costs of executing necessary or proper repairs to the Property or any part thereof, directed or confirmed in writing by the Chargee;

(v) in payment of the costs of carrying out or executing any of the powers, duties or discretions which vest in or may be vested in the Receiver;

(vi) in payment of the interest due or payable under the Charge; and

(vii) in or towards the discharge of the Indebtedness or any installments thereof or solicitor's costs or other moneys due and payable under the Charge, if and to the extent directed in writing by the Chargee.

The Chargee shall pay the residue, if any, out of the moneys received by it to the person who but for the possession of the Receiver would have been entitled to receive the income of which it is appointed Receiver.

NO FURTHER ENCUMBRANCES

25. The Chargor shall not further charge or otherwise encumber the Property without first obtaining the consent in writing of the Chargee, which consent may be arbitrarily withheld.

FAMILY LAW ACT

26. The Chargor will advise the Chargee and furnish the Chargee with full particulars immediately after any change or happening affecting any of the following, namely (i) the spousal status of the Chargor, (ii) the qualification of the Property as a matrimonial home within the meaning of Part II of the Family Law Act S.O., 1990 c. F.3, and (iii) the legal title or beneficial ownership of the Property.

MORTGAGE STATEMENTS

27. The Chargor, within five (5) days after receipt of the request to do so, shall certify to the Chargee or any person designated by the Chargee the amount of Indebtedness then due under the Charge, the date to which interest is paid, that it has no right of set-off against the moneys due hereunder, or if it has such a right of set-off, the amount thereof, and that there have been no amendments hereto or, if there has been any such amendment, specifying it. The Chargee shall, upon request, but at the expense of the Chargor, provide mortgage statements to the Chargor within fifteen (15) days after receipt of such a request.

COMPLIANCE WITH LAWS

28. The Chargor shall obey or cause to be obeyed all laws, rules, regulations and by-laws, whether federal, provincial or municipal, which in any way relate to the Property or the use thereof.

WITHHOLDING TAX

29. If the Chargor is required to make any deduction or withholding from any sum payable by the Chargor to the Chargee under the Charge, then the Chargor shall pay to the Chargee such additional amounts ("Additional Amounts") to the extent necessary to ensure that, after the making of such deduction or withholding, the Chargee receives and retains (free from any liability in respect of any such deduction or withholding) a net amount (including Additional Amounts) equal to the amount which it would have received and so retained had no such deduction or withholding been made or required to be made. If the Chargor makes any payment under the Charge in respect of which it is required to make any deduction or withholding, it shall pay the full amount required to be deducted or withheld to the relevant taxation or other authority within the time required for such payment under applicable law and shall promptly deliver to the Chargee after it has made such payment to the applicable authority a receipt issued by such authority evidencing the payment or other evidence of such payment satisfactory to the Chargee.

FOREIGN CURRENCY CONVERSION

30. If, for the purposes of obtaining judgment in any Court, it is necessary to convert a sum due under the Charge in any currency (the "Original Currency") into another currency (the "Other Currency"), the Chargor and Chargee agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Chargee could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is given or, if permitted by applicable law, on the day on which such judgment is paid or satisfied.

The obligations of the Chargor in respect of any sum due in the Original Currency to the Chargee under the Charge shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Chargee, the Chargee may in accordance with normal banking procedures purchase the Original Currency with such Other Currency, and the Chargor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Chargee against any loss or shortfall sustained by the Chargee as a result of any conversion of currency as provided for herein.

DISCHARGE OF CHARGE

31. Upon payment in full of all the Indebtedness, including interest as provided in the Charge calculated to the date payment is received by the Chargee at its Place of Payment and cancellation, expiry or release of all instruments and contracts constituting or evidencing the Indebtedness and the due performance of all covenants by the Chargor, the Chargee shall, at the expense of the Chargor, execute and deliver to the Chargor within a reasonable time thereafter a discharge of the Charge.

CONFLICT PROVISIONS

32 The Charge is being executed and delivered pursuant to commitment letters between the Chargor and Lloyds and the Chargor and the Chargee and as collateral security for the Indemnity. It is understood and agreed that all of the provisions of the said commitment letters and Indemnity including, without limitation, all conditions, representations, warranties and provisos contained therein or hereby incorporated by reference into the Charge, and into all other security documents being delivered in connection with the loan transaction and into any other document requested by the Chargee or required to be delivered from time to time pursuant thereto in order to furnish the security agreed to be provided for the loan (all of which security documents or agreements are collectively referred to herein as the "Security Documents") and all such conditions, representations, warranties and provisos as contained in the aforementioned commitment letters and Indemnity shall not merge in any document delivered relating to the loan, but shall survive all such deliveries. In the event and to the extent that the provisions of the Charge concerning among other things, the payment of interest on any Indebtedness conflict with the provisions of the commitment letters or Indemnity pursuant to which the Indebtedness is created, arises or is evidenced, the provisions of the commitment letters and the Indemnity shall prevail.

ENUREMENT

33 The covenants and agreements herein contained shall extend to, be binding upon and enure to the benefit of the successors and assigns of each of the Chargor and Chargee, respectively.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
No. 200317 Cote

SEVERABILITY OF ANY INVALID PROVISIONS

34. If any one or more of the provisions contained in the Charge or this Set of Standard Charge Terms shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any or all other provisions of the Charge or this Set of Standard Charge Terms, and the Charge shall be construed as if such invalid, illegal or unenforceable provisions had never been contained therein.

NOTICES

35. Any and all written notices or written communications given or required to be given to the Chargor or Chargee pursuant to the Charge shall be delivered personally or by private courier or may be mailed, postage prepaid to the Chargor's mailing address. Any such notices or written communications shall be conclusively deemed to have been given and received on the date of such delivery and received on the date of such delivery or the third day after such mailing. For the purposes of the foregoing, the address for notice of each of the Chargor and Chargee shall be their respective Mailing Addresses.

GOVERNING LAWS

36. The Charge shall be governed by the laws of Ontario and the laws of Canada applicable therein.

EFFECT OF DELIVERY

37. The delivery of the Charge for registration by direct electronic transfer shall have the same effect for all purposes as if such Charge were in written form, signed by the parties thereto and delivered to the Chargee. Each of the Chargor and, if applicable, the spouse of the Chargor and other party to the Charge agrees not to raise in any proceeding by the Chargee to enforce the Charge any want or lack of authority on the part of the person delivering the Charge for registration to do so.

ACKNOWLEDGMENT

38. This set of Standard Charge Terms is included in a Charge dated the ______________ day of _________________, made by ____________________________ as Chargor(s) to Lloyds Far East (BVI) Limited as Chargee and each Chargor, and Guarantor, where applicable, hereby acknowledges receiving and reviewing a copy of this set of Standard Charge Terms before signing this Charge.

Dated at this day of , 2003.

Chargor

Chargor

Guarantor

Guarantor

Dated the 9th day of December, 2003.

Lloyds Far East (BVI) Limited
by its solicitor

Kagan Shastri

Per: Tracey Slavi

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200317 Cote

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
Filing No. 200318 Cote
Filing Date December 17 2003 Date de Dépôt
Page 1 of/de 12 Pages
DIRECTOR OF LAND REGISTRATION
DIRECTEUR DE L'ENREGISTREMENT DES IMMEUBLES

LAND REGISTRATION REFORM ACT
SET OF STANDARD CHARGE TERMS

Filed by: Bridgewater Financial Services Ltd.

The following set of standard charge terms shall be deemed to be included every charge in which the set is referred to by its filing number, as provided in section 9 of the Act.

1. DEFINITIONS:

In this set of standard charge terms:

Act means the Land Registration Reform Act, R.S.O. 1990, C.1.4, (as amended or replaced);
borrower, you and **your** means each person who signs the mortgage as chargor(s);
CMHC means Canada Mortgage and Housing Corporation;
GEMI means GE Capital Mortgage Insurance Company (Canada);
interest adjustment date means the date specified in the registered document;
lender, we, our and **us** mean Bridgewater Financial Services Ltd., as chargee;
loan amount means the principal amount, interest and all other amounts owing to us from time to time under the mortgage;
mortgage or charge, when used as a noun, means a Charge/Mortgage of Land, any schedules attached to it, any renewals or amendments and this set of standard charge terms;
paragraph refers to a numbered paragraph in this set of standard charge terms;
principal amount means the amount set out in the registered document;
registered document means for the non-electronic paper based registration system, the Form 2 Charge/Mortgage of Land that you sign to give this mortgage and any schedules attached to it, or, for the electronic registration system, the charge prepared in the electronic format and registered electronically pursuant to the provisions of Part III of the Act;
schedule means any schedule attached to the Charge/Mortgage of Land; and
your property means the land described in the registered document, all buildings and structures now on the land or later added, and anything now or later attached to or fixed to the building or the land, including additions, alterations, substitutions and improvements. If the property is a condominium unit, "your property" includes the common elements and any other interest that you may have in the assets of the Condominium Corporation, and references to 'your property" mean all or any part of it.

2. EXCLUSION OF STATUTORY COVENANTS

The covenants set out in section 7(1) of the Act are excluded from the mortgage.

3. OUR LOAN TO YOU

In return for our lending you the principal amount or such of the principal amount as is advanced to you from time to time (which by signing and delivering the mortgage you acknowledge having received from us):

(a) if you are the owner of your property, you charge your entire interest in your property to us; or

(b) if you are a tenant or lessee of your property under a lease, you charge and sublease your entire interest (including any option or right of first refusal to purchase) in your property, for the term (except the last day) of your lease, including any renewals to us;
to secure repayment of the loan amount and to ensure that you perform all your obligations under the mortgage.

Our interest in your property ends when you have repaid the loan amount in full as provided in the mortgage and you have complied with all of your other obligations under the mortgage.

4. FIXED INTEREST RATE (Applicable only to Fixed Rate Mortgages whether or not designated as "Cash Back")

The interest rate payable by you is specified in the registered document. Interest is payable at the frequency set out in the registered document and calculated semi-annually not in advance. The first semi-annual calculation of interest after the interest adjustment date will be for the six-month period commencing on that date. That calculation will be made six months after the interest adjustment date and semi-annual calculations of interest will be made every six months after that. Interest is payable on the loan amount at this rate both before and after the balance due date, default and judgment, until the loan amount has been paid in full.

5. CASH BACK ADJUSTABLE RATE MORTGAGE (Applicable only to Cash Back Adjustable Rate Mortgages)

(a) **Interest Rate**

The interest rate payable by you under this mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the **Prime Rate less 0.05% (five one-hundredths of one percent)** provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 5, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canad establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated semi-annually not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) **Payment Amount**

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate as set out in paragraph 5(a). The amount of the monthly payment will be adjusted at the end of each month to reflect the adjusted interest rate and the adjusted monthly payment and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

(c) **Conversion**

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a three (3), five (5) or ten (10) year closed term mortgage, which must be equal to or greater than the remaining term. The mortgage will be converted to the term chosen by you upon receipt of a written request made by you and delivered to our head office located in the Province of Alberta. The interest rate for the converted mortgage shall be our prevailing posted interest rate in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage after receipt by us of the request of conversion to a fixed term.

6. CASH BACK

If the mortgage is designated as a Cash Back Fixed Rate Mortgage or a Cash Back Adjustable Rate Mortgage, upon funding we will advance funds to you under our cash back program ("Cash Back"). You acknowledge and agree that in the event this mortgage is paid in full during the first 5 years of its term you will pay to us all or part of the Cash Back amount which shall be properly added by us to the principal balance outstanding for payout in accordance with the following schedule.

Date of Mortgage Payout	Repayment Amount
on or before 1st year from interest adjustment date	100% of Cash Back amount
on or before 2nd year from interest adjustment date	80% of Cash Back amount
on or before 3rd year from interest adjustment date	60% of Cash Back amount
on or before 4th year from interest adjustment date	40% of Cash Back amount
on or before 5th year from interest adjustment date	20% of Cash Back amount

7. ADJUSTABLE RATE MORTGAGE (Applicable only to Adjustable Rate Mortgages)

(a) **Interest Rate**

The interest rate payable by you under ths mortgage is an adjustable rate which will automatically be adjusted monthly, with the first adjustment occurring on the first of the month following the interest adjustment date (every day on which an adjustment is made is referred to herein as an "adjustment date") and on the first day of each month thereafter. On each adjustment date, the interest payable for the next monthly period will equal the **Prime Rate less 0.50% (one half of one percent)** provided the mortgage is not in default. The interest rate will change on each adjustment date to reflect changes in the Prime Rate without any notice to you. Within a reasonable time after each change in the interest rate, we may mail to you, at your last known address according to our records, a notice of the changed interest rate and its effective date. The interest rate will vary in accordance with this paragraph even if we fail to send this notice or you fail to receive it.

For the purposes of this paragraph 7, the term "Prime Rate", means on any day, the annual rate of interest which the Royal Bank of Canada establishes at its principal office in Toronto as the reference rate of interest to determine interest rates it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its "prime rate of interest".

The interest rate on this mortgage is calculated semi-annually not in advance and payable monthly as herein set forth, as well as before maturity and both before and after default.

(b) **Payment Amount**

The amount of the monthly payment as at the date of advance of funds is set out on page one of this mortgage and at an amortization period which you have agreed to, which is based upon the current interest rate as set out in paragraph 7(a). The amount of the monthly payment will be adjusted at the end of each month to reflect the adjusted interest rate and the adjusted monthly payment and shall be based upon an amortization period equal to the original amortization period less the period of time then passed since the interest adjustment date.

(c) **Conversion**

You, when never having been in default under the terms of this mortgage shall have the option at any time during the initial term of this mortgage, of converting to a three (3), five (5) or ten (10) year closed term mortgage, which must be equal to or greater than the remaining term. The mortgage will be converted to the term chosen by you upon receipt of a written request made by you and delivered to our head office located in the Province of Alberta. The interest rate for the converted mortgage shall be our prevailing posted interest rate in effect on the date the written request for conversion is received by us. The conversion to a fixed rate mortgage will take effect on the next adjustment date applicable under the mortgage and receipt by us of the request of conversion to a fixed term.

8. COMPOUND INTEREST

If you do not make the regular mortgage payment or other payment when required by the mortgage, we will charge interest, at the rate provided for in the mortgage (called "compound interest") both before and after the balance due date set out in the registered document, default and judgment on all overdue amounts (including interest). This additional interest must be paid by you immediately when we require, both before and after the balance due date, default and judgment.

9. PROVISIONS REGARDING ALTERNATE PAYMENT FREQUENCIES

Notwithstanding the monthly payment dates set out elsewhere in this mortgage document, in the event you elect to make payments more frequently as permitted the following provisions shall apply:

(a) If you elect a **Weekly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to 1/4 of the regular monthly instalment, payable on the 7th day following the date of the advance and on every 7th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds two (2) weekly payments, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(b) If you elect a **Bi-Weekly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to ½ of the regular monthly instalment, payable on the 14th day following the date of the advance and on every 14th day thereafter.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) bi-weekly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

(c) If you elect a **Semi-Monthly Payment Schedule** you shall (until default as described below) pay the required monthly instalments as follows by payments equal to ½ of the regular monthly instalment, payable on the 1st day and the 15th day of each month commencing with the first such day following the date of the advance.

The balance of the principal and interest thereon shall remain payable as stated elsewhere in the mortgage.

In addition to our other rights and remedies, if at any time you shall be in default in the payment of an amount which equals or exceeds one (1) semi-monthly payment, this provision shall automatically cease to apply and all amounts payable under the mortgage shall be paid when required by the other terms of the mortgage.

10. REPAYMENT OF LOAN AMOUNT

(a) **Currency and Place**

You will pay the loan amount to us in Canadian Dollars, at the address set out in the registered document or as you may be notified in writing.

(b) **Interest Adjustment Date**

(i) Interest on advances up to the interest adjustment date will be calculated semi-annually not in advance at the rate specified in the registered document in effect on the date of advance and at our option will be paid by you or deducted by us on the interest adjustment date, deducted by us from any advance or advances which we make, or be deducted by us on the first regular mortgage payment date.

(ii) Accrued interest on progress advances, if this is a building mortgage, up to the interest adjustment date established for the initial term of the mortgage, shall be calculated daily and charged monthly, and may without adjustment be retained out of the proceeds of each subsequent advance of the mortgage. Where more than 30 days elapses between advances, interest will be paid promptly as invoiced or debited. Interest on any overdue interest, compounded monthly, will be calculated on the same basis until paid. Interest accruing to the interest adjustment date established for the initial term of the mortgage, will be deducted from the last substantial advance.

(c) **Regular Payments**

You will make regular payments of principal and interest to us on the payment dates specified in the registered document each in the amount specified in the registered document starting with the first payment date until and including the last payment date. You will pay the outstanding balance of the loan amount on the balance due date as set out in the registered document.

(d) **Payment Provisions on Default**

If you fail to make any payment or do not meet any of your other obligations under the mortgage, you must immediately pay to us all outstanding arrears. We may, if we wish, require you to make all following payments of principal and interest, taxes, and life insurance premiums (if applicable) on a monthly basis.

In such an event, we may require you to pay interest to the first day of the following month within 15 days of notice from us, which will be added to the loan amount if you do not do so. We may also use the rights we already have under paragraph 20.

(e) **Bank Account for Payments**

You must maintain an account of a type satisfactory to us with a branch of a bank, trust company or credit union and provide an authorization in a form satisfactory to us to automatically debit each payment of principal, interest, taxes and life insurance premiums (if applicable) when due. You must make sure that the account always contains sufficient funds to make each payment. Failure to maintain sufficient funds in the account, cancellation of the authorization or closing the account will be considered to be default under the mortgage. You agree to pay us our then processing fees for any actions which we have to take under this paragraph 10.

11. HOW WE APPLY YOUR PAYMENTS

Each of your regular payments will be used in the following order to pay: a) collection expenses, if any; b) life insurance premium, if any; c) to bring into good standing any accounts in which funds are held pending payment to third parties or amounts are debited in respect of the mortgage, including tax accounts (the "escrow accounts"); d) to pay interest or reduce the interest on the principal amount accumulated to but not including the payment date; and e) to reduce the principal amount. However, if you do not meet any of your obligations under the mortgage we may apply your payment or any other money we receive towards any part of the outstanding loan amount we choose. You may pay arrears of interest by separate payment as your regular payment will not be applied to such interest. The amount of interest in arrears may be obtained by contacting us.

12. YOUR PREPAYMENT RIGHTS (Applicable to All Mortgages)

This mortgage is closed. However, when not in default of any of the terms, covenants, conditions or provisions contained in the mortgage, you shall have the following privileges for payment of extra principal amounts:

(1) During each 12 month period following the interest adjustment date you may, without penalty:

(i) make prepayments totalling up to twenty percent (20%) of the original principal amount of the mortgage;

(ii) increase the regular monthly payment by a total up to twenty percent (20%) of the original monthly payment so as to reduce the amortization of the mortgage without changing its term.

(2) If the mortgage property is sold pursuant to a bona fide arm's length agreement, you may prepay the mortgage in full upon payment of three (3) months interest penalty calculated at the current interest rate of the mortgage.

(3) You may prepay the mortgage at any time upon payment of a penalty equal to the GREATER of:

(i) the interest differential based on the difference between the current interest rate of the mortgage and the yield of a Canada Bond with the same remaining term, calculated over the term remaining on the mortgage, all as determined by us at our sole direction; or

(ii) three (3) months interest penalty calculated at the current interest rate of the mortgage.

(4) Notwithstanding the foregoing, you may prepay the mortgage in whole or in part, at any time after the third anniversary of the interest adjustment date, upon payment of three (3) months interest penalty on the amount prepaid calculated at the current interest rate of the mortgage.

13. CERTAIN PROMISES YOU MAKE TO US

(a) You certify and agree with us that:

(i) you will pay the loan amount as required by the mortgage, will pay property taxes assessed against your property to us or the tax office as applicable and will comply with all other obligations of the mortgage;

(ii) unless you are the tenant or lessee of your property, you are the lawful owner of your property and there are no encumbrances affecting title to your property;

(iii) you have the right to give us the mortgage;

(iv) there are no limitations affecting title to your interest in your property except for any restrictions registered in the land titles/registry office and except for building and zoning by-laws, with which you have complied;

(v) to the best of your knowledge and belief, after reasonable enquiry and investigation:

- no part of your property or of any adjoining land is, has ever been or will in the future be used to manufacture, refine, handle, treat, store, dispose of or otherwise deal with any hazardous substances except in compliance with all laws, regulations and orders; and

- no part of your property contains, has ever contained or will in the future contain any hazardous substance, which may lower the value of or adversely affect the marketability of your property.

We may (but are not obligated to) require you, at your expense, to obtain an environmental audit of all or any part of your property, which environmental audit shall be satisfactory to us, but such audit does not relieve you from your obligations under this paragraph;

(vi) you will, at your expense, sign any other document or take any further action which we may, in our opinion, think necessary to ensure that all your interest in your property has been fully charged to us and that the loan amount is adequately secured;

(vii) if you default in any of your obligations under the mortgage, we will have possession of your property without any encumbrances or interference;

(viii) you will take any action necessary to protect your title to your property, and will not in any way interfere with our interest in your property.

(b) If you are a tenant or lessee of your property, you also certify and agree with us that:

(i) your property is leased to you under a valid lease, a copy of which you have given us and that you have good leasehold title to your property;

(ii) all rents and other moneys payable under the lease have been paid and you have complied with all of your other obligations set out in the lease, in both cases up to the date you sign the mortgage;

(iii) you have the consent of your landlord or lessor, or you have the right without his consent, to charge your interest in the lease to us;

(iv) there are no limitations on your interest in the lease except for any set out in the lease, except for restrictions registered in the land titles office and except for building and zoning by-laws, with which you and your landlord have complied;

(v) you will pay rents and other payments required by the lease as they fall due;

(vi) you will comply with all your other obligations set out in the lease;

(vii) you will not surrender the lease or cause it to be terminated;

(viii) you will not make any change in the lease without first obtaining our written consent;

(ix) you will promptly give us a copy of any notice, demand or request which you may receive relating to the lease;

(x) you will, at your expense, sign any other document or take any further action as we may think necessary, in our opinion, to ensure that all your interest in your property and in the lease has been fully charged to us and that the loan amount is adequately secured;

(xi) you will indemnify us against all actions, claims, costs and demands should you default under your lease;

(xii) you will hold your property for the last day of the term of your lease or of any renewal term in trust for us and will only deal with it in such manner as we shall require. You will have the same rights arising from this paragraph 13(b)(xii) as you already have under other provisions of the mortgage and at law;

(xiii) at our request, but at your expense, you will transfer to us the last day of the term of the lease or of any renewal. If we enforce our rights under the mortgage, particularly those referred to in paragraph 25(a)(iv), then you will hold the last day of the term of the lease and of any renewal in trust for any person to whom we sell your interest in the property and for that person's legal and personal representatives and successors;

(xiv) you appoint us as your attorney so that we, on your behalf and in your name, may assign the lease and the last day of the term and of any renewal and convey your interest in the property as we may require to perfect any sale we may make under paragraph 25 and, in particular, under paragraph 25(a)(iv);

(xv) we may remove you or any other person as trustee of the trust referred to in paragraph 13(b)(xiii) and appoint a new trustee or trustees.

14. DEMOLITION AND ALTERATIONS

(a) You agree not to demolish any building or structure or part of any building or structure on your property without first obtaining our written approval and not to make any substantial alterations, additions or improvements to your property without first obtaining our written approval to your proposed plans and specifications.

(b) The above work must be completed, as quickly as possible, in accordance with all governmental requirements and building standards that apply to your property, at your expense, and you will provide us with proof of payment and compliance with governmental requirements and building standards when requested. You must retain all required holdbacks. We may obtain an order vacating any construction lien and, if we think it necessary, provide financial guarantees or other security to obtain such order. All our expenses, including any charges for providing financial guarantees or other security, are immediately payable by you to us and if you do not pay them, we will add them to the loan amount.

15. INSURANCE (Paragraph 15 does not apply if your property is a single residential condominium unit)

(a) You must insure and keep insured all buildings, structures, fixtures and improvement on your property for not less than their full replacement value in Canadian dollars until the mortgage has been discharged. The risks against which you must insure include loss or damage by or from fire with extended perils coverage and by and from such additional perils, risks or events as we may at any time require. If a steam boiler, pressure vessel, oil or gas burner, coal blower, stoker or sprinkler system or any other comparable apparatus are operated on your property then you must also insure and keep insured, until the mortgage has been discharged, against loss or damage by explosion of, or caused by, any such apparatus and against loss or damage caused by the sprinkler system.

(b) All insurance policies must be carried with a company or companies satisfactory to us and contain mortgage clauses approved by The Insurance Bureau of Canada or by us confirming that loss proceeds are payable firstly to us, and we will have the first right to receive and to have a lien on the loss proceeds. You must, upon our request, let us have certified copies of every insurance policy and not less than 15 days before any policy expires, evidence of its renewal.

(c) We may, but are not required to, place and pay for any insurance policy if you fail to do so. Any premiums or sums of money which we pay for insurance will be immediately payable by you to us or added to the loan amount if not so paid and bear interest at the rate specified in the registered document.

(d) If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. Production of the mortgage will be sufficient authority for the insurance company to pay any loss to us and the insurance company is hereby directed to pay the same to us. Insurance proceeds may, at our option, in whole or in part be:

(i) used to repair or rebuild your property;

(ii) paid to you; and/or

(iii) used to reduce any part of the loan amount, whether due or not, and including an amount to compensate us for loss of interest.

16. PROPERTY TAXES

(a) "taxes" mean all taxes, rates and assessments of any nature or kind, including property taxes, local improvement rates, interest and penalties.

(b) Before or on the interest adjustment date, we may withhold from any advance under the mortgage any amount we feel necessary to pay or to anticipate future payments of taxes.

(c) After the interest adjustment date, you agree to pay to us, on each date on which a regular mortgage payment of principal and interest is payable, the applicable tax installment calculated as below, based on the estimated annual taxes (as determined by us) that will be payable for the year following such regular mortgage payment date. The amount of each tax instalment shall be:

(i) if the payments of the principal and interest are weekly:
estimated annual taxes x 7/365

(ii) if the payments of the principal and interest are bi-weekly:
estimated annual taxes x 14/365

(iii) if the payments of the principal and interest are semi-monthly:
estimated annual taxes x 1/24

(iv) if the payments of the principal and interest are monthly:
estimated annual taxes x 1/12

(d) If you wish to take advantage of any discount or to avoid any penalty in connection with the payment of taxes, you will pay to us an appropriate amount in addition to the amount referred to in paragraph 16(c). If the taxes on your property in any calendar year exceed our estimate, you will pay us the difference on demand. You agree to send us all tax bills and other notices or communications relating to taxes as soon as you receive them. We do not have to hold any moneys which you send us under this paragraph 16 in trust, nor pay interest on them, nor apply them to pay taxes more than once a year. If you do not comply with any of your obligations under the mortgage, we may if we wish, apply any moneys which we have received under paragraph 16 to any portion of the loan amount.

(e) Property Taxes

Notwithstanding any proviso or covenant contained elsewhere herein, as a condition of us (in our sole discretion, but not under any obligation to do so) permitting you to pay the property taxes directly to the local taxing authority, you covenant and agree to pay the property taxes directly to the local taxing authority, you covenant and agree to pay taxes as and when the taxes become due and to submit to us tax receipts evidencing the payment of the said taxes within 30 days after they become due and you further agree that we may revoke this permission at any time, in which event paragraphs 16(a) through (d) will apply.

17. REPAIRS

You must keep your property in a good condition and state of repair and carry out all necessary repairs and must not do, or let anyone else do, anything which lowers the value of your property.

You will comply with every present and future statute, by-law, ordinance, regulation and order affecting the condition, repair, use or occupation of your property.

If, in our opinion, you do not keep your property in a good condition and state of repair or do, or allow anything to be done, which lowers its value or do not comply with any of your obligations under this paragraph then we can make whatever repairs are, in our opinion, necessary. The costs of repairs and of any inspections are payable by you immediately and if not paid, will be added to the loan amount.

You authorize us to enter your property at all reasonable times to inspect and repair, but we will not become a mortgagee in possession by exercising these rights.

18. NO OBLIGATION TO MAKE ADVANCES TO YOU UNDER THE MORTGAGE

If we decide, for any reason, that we do not wish to advance to you all or any part of the principal amount referred to in the registered document then we do not have to do so. This applies even if the mortgage has been registered and whether or not any part of the principal amount has previously been advanced. Even so, you have charged all of your interest in your property to us and you will pay us, on demand, all of our costs, including lawyers' fees (on a solicitor and client basis) and expenses, for investigating title to your property and for registering the mortgage.

19. LEASES AND RENTS

(a) If your property is intended to be used as owner-occupied residential premises you certify and agree that no part of your property is rented or occupied by a tenant and you also agree not to rent, lease or enter into a tenancy agreement of any part of your property or renew any lease (other than a renewal provided for in any lease) without obtaining our approval first, which we may refuse to do at our option.

(b) If your property is a rental property and we have consented to such rental, you hereby assign to us all leases, lease agreements and their renewals, whether presently existing or arising in the future; all rents payable under such leases and agreements; and all rights thereunder as they affect your property. You must obtain our prior written approval for any future leases of your property or for the renewal of any lease (other than a renewal provided for in any lease).

(c) If you lease in the future any part of your property to another person or persons with our written approval then, upon our request, you will:

- execute and deliver to us an assignment in registerable form acceptable to us of all leases, lease agreements and their renewals, rents payable under such leases and agreements, and all rights thereunder as they affect your property. The assignment may, at our option, include a provision for estoppel certificates from tenants and/or specific assignments of leases; and

- give us security on chattels, fixtures and equipment as we may reasonable require.

You must pay all of our expenses, including legal fees and registration costs, relating to such additional security.

(d) If you do not comply with any of your obligations or you breach any of your certifications under this paragraph 16, then at our option the loan amount will immediately become due and payable. In this case, we may pay to any tenant such amount as is required to obtain the co-operation of the tenant in showing and selling your property and obtaining possession from the tenant. You agree that the payment of such an amount will be a cost of realization of our security and will be added to the loan amount. You appoint us as your attorney and agent to enforce the terms of any lease or agreement entered into by you and to cancel or terminate any lease or agreement.

(e) Nothing we do under this paragraph 16 will put us in possession of your property and we are not obliged to collect any rent or income from your property nor to comply with any term of any lease or agreement.

(f) Rental of any part of your property without our written approval shall be considered to have been done to discourage us from taking possession of your property if you are not complying with any of your obligations under the mortgage or adversely affecting the value of our interest in your property within the meaning of section *52(1)* of the Mortgages Act, R.S.O. 1990, C.m.40 (as amended or replaced).

20. ACCELERATION OF REPAYMENT OF LOAN AMOUNT

The loan amount will immediately become payable, at our option, if:

(a) you do not make any payment required by the mortgage;

(b) you do not comply with any of your other obligations under the mortgage;

(c) we discover that any statement, certification, representation or agreement you have given or made to us in applying for the loan or in the mortgage (including without limitation those contained in paragraph 13) is untrue;

(d) we receive notice of any construction lien, conditional sale agreement, notice of security interest or other lien registered on title to your property;

(e) any buildings being erected on, or additions, alterations or improvements done to, your property remain unfinished without work being done on them for a period of ten consecutive days; or

(f) your property is abandoned.

We have the right to forgive any particular default by you but if we do so we are not forgiving any other existing default or one or more which may occur in the future.

21. BUILDING MORTGAGE

If the mortgage is used to finance an improvement (meaning any construction or installation on your property or any alteration, addition or repair to any building or structure on your property), you agree to make the improvement only in accordance with plans and specifications which we have approved and to complete the improvement as quickly as possible.

Subject to paragraph 18, we may make advances to you under the mortgage based on progress in completing the improvement or upon its completion or, in the case of a building, its occupation or sale.

Whatever the purpose of this mortgage, we may retain funds from any advance or advances until we are completely satisfied that the holdback provisions of the Construction Lien Act R.S.O. 1990, C.c.30 (as amended or replaced) have been complied with. You authorize us to give information about the mortgage to anyone who claims a construction lien on your property.

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22. RELEASING YOUR LAND FROM THE MORTGAGE

At our option, we may release our interest under the mortgage in all or part of your property, whether or not we receive any value, and be accountable to you only for money which we actually receive. If we release our interest under the mortgage in only a part of your property, the remainder of your property will continue to secure the loan amount, and your obligations, and those of any guarantor, under the mortgage will continue unchanged.

If your property is subdivided, each part of your property will secure payment of the loan amount.

23. RENEWING OR AMENDING THE MORTGAGE

(This paragraph is important to all persons having subsequent interests)

At our option, the mortgage may from time to time be renewed, extended or amended by written agreement(s) with you, with or without any increase in the interest rate. It will not be necessary for us to register the written agreement on title to your property in order to retain priority for the mortgage, as renewed or amended, over any other instrument registered after the mortgage whether or not there are any other instruments registered on title to your property after the mortgage at the time any written agreement is entered into. The entering into of any written agreement by us with any borrower and with any other person liable to pay the loan amount will not release or affect the liability of anyone who does not sign such written agreement.

24. CERTAIN ACTIONS WE CAN TAKE

We can, if we think it is necessary, pay off any encumbrances, claims or liens which have priority over the mortgage. Also, we can pay all expenses which we incur in collecting any payment under the mortgage which you did not make when due and in enforcing your other obligations. You must immediately reimburse us for all such payments and expenses.

If you are a tenant or lessee, under a lease of your property we can cure any defaults existing under your lease and you must immediately reimburse us for all payments and expenses which we incur so doing.

If you do not comply with any of your obligations under the mortgage, we can, but are not obliged to, perform those obligations. Where you are a tenant or lessee of your property and you refuse or neglect to renew your lease when it gives you that right, we can do so and every renewal shall be subject to the mortgage. You must immediately reimburse us for all payments which we have to make and costs which we incur in taking these steps.

Any payments we make under the mortgage will be added to the loan amount and such payments will be charged interest at the rate specified in the registered document from the date we pay them. Any interest which accrues as a result of changes requested by you to frequency of payments or to the regular payment date will be paid by you or added to the loan amount and charged interest at the rate specified in the registered document

If we have not received a solicitor's final report and certificate of title within sixty days of the final advance of funds under the mortgage, we are entitled to retain another solicitor of our choice to provide such opinion at your expense.

25. ENFORCING OUR RIGHTS

(a) **Remedies** . if you do not make any payment when required under the mortgage or do not comply with any of your other obligations under the mortgage, we may enforce any one or more of the remedies listed below in any order.

Our remedies are:

(i) **Sue you** . We may take such action as is necessary to collect the loan amount.

(ii) **Foreclosure or Sale** . We may take court proceedings to foreclose your right, title and equity of redemption to your property. If we obtain a final order of foreclosure from the court, your property will belong to us. We may also ask the court to order the sale of your property under its supervision. If the amount we receive from the sale of your property is less than the loan amount, you must pay us the difference.

(iii) **Lease Your Property** . If your default continues for 15 days, we may, on 15 days notice to you, enter on and lease your property; if your default continues for 30 days we may, without notice to you, enter on and lease your property. We may apply the net proceeds of any lease to reduce any part of the loan amount. If the net proceeds do not pay the loan amount in full, you must pay us the difference.

(iv) **Power of Sale** . If your default continues for 15 days we may, on at least 35 days written notice to you as required by Part III of the Mortgages Act enter on and sell your property or any part of your property. Any sale can be for cash or on credit, or partly for cash and partly on credit, by private sale or public auction and on such terms as can be obtained. We may apply the net proceeds of any sale to reduce any part of the loan amount. if the net proceeds do not pay the loan amount in full, you must pay us the difference.

(v) **Enter on Your Property** . We can enter on your property at any time, without your permission, and make any necessary arrangements to inspect, collect rent, manage, repair or complete construction. Any costs we incur will be added to the loan amount.

(vi) **Appoint a Receiver** . We can appoint, in writing a receiver (which includes a receiver and manager) to collect any income from your property. The receiver will be your agent, not ours, and you alone will be responsible for any of the receiver's acts or omissions. We are not accountable for any moneys received by the receiver except to the extent that we actually receive any such moneys. The receiver may use every available remedy which we have under the mortgage to collect the income from your property, take possession of the whole or part of your property, manage your property and keep it in good condition. From the income collected, the receiver will pay all rents, taxes, rates, insurance premiums and other expenses required to keep your property in good condition; pay his own commission as receiver; pay all amounts required to keep any encumbrances ranking in priority to the mortgage in good standing; pay interest owing under the mortgage and pay all or any part of the loan amount whether it is due or not.

(vii) **Cure Any Defaults** . We can cure any defaults under the mortgage, at your expense, and generally take any other steps or proceedings against you as permitted by the laws of Ontario and of Canada.

(b) **Non -interference** . If, in enforcing our remedies, we take possession of your property, you will not interfere with our possession with that of any receiver we may appoint or with that of any person to whom your property may be leased or sold, and you will not make any claim against any person to whom your property may be leased or sold.

(c) **Our expenses** . All of the expenses which we incur in enforcing any of our remedies are payable by you immediately when we require them. These expenses include our legal fees on a solicitor and client basis, all other costs we have to pay to protect our interests and to enforce any of our remedies under the mortgage and a reasonable allowance for the time and services of our employees.

(d) **Delay in Enforcement** . Our rights will not be affected if we delay in enforcing any of our rights under the mortgage or give you or anybody else an extension of time. We may still insist on you making all payments on time and complying with your obligations, require payment of the loan amount if you are in default and require any other person, including a guarantor who has obligations to us under the mortgage to meet those obligations. If you do not make any payment of the principal amount as required by the mortgage, we are not obliged to accept subsequent payment unless you also give us interest to the date of subsequent payment.

(e) **Judgments** . If we obtain any court order or judgment against you in any action to enforce our remedies, the judgment will not prevent us from pursuing our other remedies or rights to enforce your other obligations under the mortgage, including our right to receive interest as required by the mortgage.

26. CONDOMINIUM

(If your property is a condominium unit, you must also comply with paragraph 26 in addition to all other provisions of the mortgage. You do not, however, have to comply with paragraph 15.)

The corporation created by the registration of a declaration under the Condominium Act, R.S.O. 1990, C.c.26 (as amended or replaced) is called the "condominium corporation".

(a) **Compliance with the Condominium Act, etc.** - You will comply with the Condominium Act and with the declaration, by-laws and rules and regulations of the condominium corporation as they exist from time to time.

(b) **Payment of Amounts and Common Expenses** . You will pay all amounts required by the Condominium Act and by the declaration and by-laws of the condominium corporation on or before they are due and, if we request, give us proof that you have done so. You must pay common expenses. If you do not make any payments which you are obligated to pay, we may do so on your behalf and you will be in default under the mortgage.

(c) **Notices and Demands** . You will mail to us by prepaid registered mail, or deliver to us, copies of every notice, assessment, claim or demand for payment, rule or regulation, request or demand of us to consent to any matter, and every other communication relating to your unit or the common elements of the condominium corporation so that we receive them at least 5 days before any claim or demand is payable or, in the case of other communications, within 5 days of the date you receive them.

(d) **Voting Rights** .

(i) You authorize us, in your name and on your behalf, and whether or not you are in default, to exercise your rights under the Condominium Act to vote at any meeting of the condominium corporation, and to consent to any matter relevant to the management, sale or other dealings with the property or assets of the condominium corporation or the termination of the application of the Condominium Act to the condominium corporation.

(ii) We may wish not to use our rights to vote or consent and if we do not wish to do so, we may notify the condominium corporation, in which case you can vote or consent yourself. Our wish not to vote or consent can be for a limited time or for a particular meeting or matter. When we do vote or consent for you, we do not then become a mortgagee in possession and are not responsible to protect your interests nor for the way we vote or consent or fail to do so.

(e) **Acceleration of Repayment of Loan Amount** . At our option, the loan amount will become payable immediately if::

(i) government of the property of the condominium corporation under the Condominium Act is terminated;

(ii) a vote of the unit owners authorizes the sale of the property of the condominium corporation or of a part of common elements;

(iii) the condominium corporation fails to comply with the Condominium Act, declaration, by-laws or rules and regulations;

(iv) the condominium corporation fails to insure the units and common elements against destruction or damage and other perils usually insured against for full replacement cost;

(v) the condominium corporation fails, in our opinion, to manage the condominium property and assets in a careful way or to maintain its assets in good repair; or

(vi) the condominium corporation fails to insure all the condominium units and common elements according to law and any additional requirements we may have or fails to do all that is necessary to collect insurance proceeds.

(f) **Insurance**. Under the Condominium Act, the condominium corporation must obtain appropriate insurance. In addition, you must insure all improvements which at any time have been made to your property against loss or damage by fire and, as well, against such additional risks as we may require. The insurance company or companies must be approved by us. You and the condominium corporation or both assign and transfer the policy or policies of insurance and receipts thereof to us and if you or the condominium corporation or both fail to keep the buildings and improvements insured or provide us at least fifteen days before the termination of any insurance, evidence of renewal, we are entitled but not obligated to insure the buildings or improvements. You must, if we ask for them, give us certified copies of every insurance policy. If any loss or damage occurs, you will immediately, at your expense, do everything necessary to enable us to obtain the insurance proceeds. These proceeds, as may be permitted by law, may, at our choice, in whole or in part be applied to repair the damage, be paid to you or be applied to reduce any part of the loan amount whether or not yet due.

The obligation to insure may be performed by the condominium corporation and the proceeds of insurance may be payable in accordance with the declaration and by-laws of the condominium corporation. You promise that, in the event of loss or damage, you will fully comply with the terms of all insurance policies and with the insurance provisions of the declaration and by-laws and that, as a member of the condominium corporation, you will insist that the condominium corporation fully complies with these terms.

27. DUE ON SALE AND RELEASE

If you transfer title to your property or enter into and/or register a long form agreement of purchase and sale ("Agreement for Sale"), or agree to do so, to anyone without first obtaining our written approval, the loan amount will at our option, immediately become payable in full. Any payment which we accept from any person whom we have not first approved in writing will not mean that we have granted our prior written approval or that we have given up our right to require you to pay the loan amount in full.

You agree to give us sufficient information to enable us to decide whether we should give our written approval and upon receiving sufficient information, we will make our decision as soon as possible. We will not withhold our approval unreasonably.

We release you from your obligations under the mortgage and to pay the loan amount, and, if applicable, we release any guarantors from their guarantee if:

(i) we give our written approval to you to transfer your property;

(ii) the transfer is to a person or persons other than yourself so that you will not retain any ownership interest in your property after the transfer takes place; and

(iii) you provide us with proof of registration of a Transfer/Deed of Land or Agreement for Sale to the approved person or persons together with a guarantee agreement(s) (if required by us).

28. ASSUMPTION

If you are not the original borrower, you agree to be bound by all obligations of the original borrower under the mortgage.

29. INSPECTION

If we, CMHC or GEMI (if this is a CMHC or GEMI insured mortgage), or our respective agents have reason to believe that the property is not in conformity with any federal, provincial or municipal law or regulation respecting the environment, you agree that we, CMHC, GEMI or our respective agents may, at any time, before or after default, enter and inspect your property and conduct any environmental testing, site assessment, investigation or study which we, CMHC or GEMI consider necessary. The reasonable cost of this testing, assessment, investigation or study, with interest at the mortgage rate, will be immediately payable by you and shall be a charge on your property. We, CMHC or GEMI and our respective agents will not become a mortgagee in possession, management or control by exercising these rights.

30. EXPROPRIATION

If your entire property is expropriated, the loan amount will immediately become due and payable together with loss of interest.

If only a part of your property is expropriated, the amount you are awarded for the partial expropriation will be paid to us and we will credit it to the loan amount. If, in our opinion, the remainder of your property does not constitute adequate security for the loan amount, then the loan amount, or such part of the loan amount as we determine, will immediately become due and payable together with loss of interest

31. GUARANTEE

In return for us having made a loan to the borrower (which in the mortgage includes the borrower's successors and assigns), each person who signs the mortgage as guarantor agrees with us, as principal debtor and not as surety, to pay to us the loan amount as and when required by the mortgage and to observe and perform all other obligations of the borrower under the mortgage. Each guarantor, if there is more than one, will be jointly and individually liable with the borrower and with each other for complying with all obligations under the mortgage.

We may at any time and from time to time without the consent of or notice to any guarantor give any extension of time for payment (including renewals), deal with any additional security, give releases or discharges, vary, increase or decrease the interest rate, amend the terms of the mortgage and generally deal with all matters affecting the mortgage and the obligations of the borrower without in any way affecting the guarantee or the obligations of any guarantor. We may require payment from any guarantor before we attempt to obtain a payment from the borrower, and all obligations of any guarantor shall also be those of the guarantor's successors or personal representatives, and will not be altered by the bankruptcy of the borrower or any guarantor.

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32. RESERVATION OF RIGHTS

You understand that any material change in the conditions of the mortgage such as an extension of time for payment or change in the interest rate, will not lessen the obligations of any person who does not join in such amending agreement.

33. DISCHARGE

After you have paid us the loan amount, we will sign a discharge or, if requested by you, an assignment of the mortgage and send it to you within a reasonable time. You will pay our usual administrative fee for preparing and signing the discharge or assignment and all legal and other expenses, whether the discharge or assignment is prepared by your lawyer, by ours or by us. It is your responsibility to register the discharge or assignment on your title and to pay the registration fee. If electronic registration is available for your mortgage, we will register the discharge on your behalf and will provide either you or your solicitor (as applicable) with confirmation of registration.

34. ADMINISTRATION FEES

You agree to pay to us, when due, our then current administration and processing fees in connection with the preparation of any assumption statement, amending or other agreement, a transfer of the mortgage to another party, statements for information purposes, any fees referred to in paragraph 10(e), replacement of cheques where payment has been refused due to insufficient funds or for any other reason in respect of the administration of your mortgage and to add such fees, if unpaid, to the loan amount, which unpaid fees will be charged interest at the rate required by the mortgage. The amount of such fees in effect at any particular time is available by contacting us.

35. FAMILY LAW ACT

You certify to us that all information which you gave us about your marital status and your property when applying for the loan secured by the mortgage, and the statements made in the registered document were and are completely truthful and accurate under Part II of the Family Law Act, R.S.O., 1990, C.f.3 (as amended or replaced).

36. DOCTRINE OF CONSOLIDATION

The doctrine of consolidation will apply to the mortgage and any other mortgage you have granted or will grant to us. This means that if you default under any of your mortgages to us then we can, as a condition of your repaying any mortgage, require that you repay all mortgages.

37. DATE OF MORTGAGE

You agree that, only for the purpose of defining the date of the mortgage with respect to any statutory right of prepayment, the date of the mortgage will be deemed to be the interest adjustment date set out in the registered document.

38. ONTARIO NEW HOME WARRANTIES PLAN ACT

If the Ontario New Home Warranties Plan Act, R.S.O., 1990, C.o.3 1 (as amended or replaced) applies to your property, you agree to comply with its requirements and to reimburse us for any costs which we incur in complying or enforcing your rights on your behalf if you fail to do so.

39. WHO IS BOUND

Not only do you agree to be bound by everything, including your obligations, in the mortgage, but your legal and personal representatives and anybody else to whom your property is transferred are also bound. The mortgage is also binding on our successors and assigns and on anybody to whom we may transfer the mortgage.

If more than one person signs the mortgage as borrower, then all persons who sign are jointly and individually liable to comply with all obligations under the mortgage. If any borrower or guarantor is female or a corporation, then the mortgage will be read with all necessary grammatical changes.

40. PARTIAL INVALIDITY

If any provision of the mortgage is found to be illegal or unenforceable, the validity or enforceable of all other provisions will not be affected.

41. PARAGRAPH HEADINGS

Headings in the mortgage do not form part of the mortgage but are used only for easy reference.

42. NATIONAL HOUSING ACT

All CMHC insured mortgages are made in pursuance of the National Housing Act.

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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ACKNOWLEDGEMENT

This Set of Standard Charge Terms is included in a Charge dated the day of , 20 , made by

as Chargor(s)

TO:

BRIDGEWATER FINANCIAL SERVICES LTD.

as Chargee

as Guarantor(s)

and each Chargor and Guarantor hereby acknowledges receipt of a copy of this Set of Standard Charge Terms before signing the Charge.

Guarantor(s)	Chargor(s)

DATED at Toronto, the 16th day of December, 2003.

BRIDGEWATER FINANCIAL SERVICES LTD.
by their solicitors,
BAKER SCHNEIDER RUGGIERO LLP

Per: ______________________
Bernard Schneider

STANDARD CHARGE TERMS
CLAUSES TYPES DE CHARGE
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